

Trade Talks Soured By U.S.-EC Dispute

Impasse Over Agricultural Subsidies Stymies Even Tropical Exports Pact

By Reginald Dale
MONTREAL — International negotiators launched a major effort Monday night to resolve an acrimonious farm trade dispute between the United States and the European Community that has threatened to disrupt efforts to reform the world trading system.



2 Killed in Collision of Tokyo Trains
An injured passenger being carried away following a collision between two trains Monday morning in Tokyo. Two persons were killed and 97 injured when a commuter train slammed into the rear of a train that had stopped at Higashi-Nakano station.

Can He Pull It Off? Coalition Ruled Out In Israel

Gorbachev's Stakes Main Parties End Talks and Shamir Gets an Extension

By Bill Keller
NEW YORK — When Mikhail S. Gorbachev first visited the United States a year ago this week, the biggest question in most Western minds was whether he was the reformer he claimed to be, or simply a totalitarian with style.

Russia Tells Republics to Halt Firings

Compiled by Our Staff From Dispatches
MOSCOW — Soviet leaders said Monday that large numbers of people in Armenia and Azerbaijan were being dismissed from their jobs on ethnic grounds, and they ordered an immediate halt to the practice.

Hungary Plans a Controlled Move to 'Democracy'

By Jackson Diehl
BUDAPEST — The Communist leadership of Hungary appears set to embark on a program of political change calculated to match or go beyond past democratic movements in Eastern Europe while avoiding what is seen here as their critical failing: the eruption of revolutionary momentum that the party could not control.

Kiosk In Cameroon, 50 Die in Panic

YAOUNDE, Cameroon (AP) — A panic apparently provoked by fear that a new secondary school here was about to collapse left about 50 people dead Monday and at least 50 others injured, a U.S. Embassy official said.

Hanoi Plans to Reduce Army

By Michael Richardson
HANOI — The Vietnamese Army is expected to be reduced by at least 300,000 personnel — nearly 25 percent of its strength — in the next few years, officials say.

Argentine Insurgents Continue to Hold Out

By Shirley Christian
BUENOS AIRES — Rebel Argentine soldiers led by Colonel Mohamed Ali Seineldin continued to occupy a suburban army base Monday even though President Raul Alfonsin and military leaders announced the end of the uprising Sunday night.

Bush's Spontaneity Heralds a More Casual Style at the White House

By Maureen Dowd
WASHINGTON — President-elect George Bush ordered some buttered popcorn. The vice president-elect, Dan Quayle, ordered some with extra butter.



When questions from journalists draw the full attention of President-elect George Bush.



Carlos Andrés Pérez celebrating his presidential victory in Caracas. Page 2.

General News
Residents in India's Darjeeling region wonder if an election can heal old wounds. Page 5.

Business/Finance
Four U.S. companies will buy back \$5 billion of stock by exchanging shares for a new kind of security. Page 13.

Table with exchange rates for various currencies including the Dollar, DM, Pound, Yen, and FF.

Handwritten Arabic text: صكنا من الاصل

Soviet Aides Reported To Meet Afghan Rebels About a Kabul Regime

By Richard M. Weintraub Washington Post Service ISLAMABAD, Pakistan — Leaders of the anti-Soviet Afghan alliance ended a round of talks with Soviet negotiators Monday in Saudi Arabia, sources said, apparently in agreement to continue discussions on issues including a possible administration for Kabul following the withdrawal of Soviet troops.

day that it welcomed the talks. There were other reports from Kabul, however, that the talks came as a surprise. Prime Minister Benazir Bhutto of Pakistan said that her advisers were certain that the Soviets would withdraw their forces by the Feb. 15 deadline and that a new administration would be in place by the time of the withdrawal.



BACK WHERE IT ALL BEGAN — President Fidel Castro of Cuba examining photos during the inauguration of a Museum of Mexican-Cuban Friendship at Tuxpan, Mexico. Thirty-two years ago, Mr. Castro and a band of 82 followers launched an invasion of Cuba from Tuxpan, sailing aboard a 38-foot (11.5-meter) yacht named Gramma. He remembers the voyage as "universal seasickness."

U.K. Barks at EC Over Pet Quarantine

By Warren Getler International Herald Tribune LONDON — Britain's mandatory six-month animal quarantine, designed to keep this island free of rabies, is an institution loathed by arriving pet owners.

off at the border" anything that threatened the fabric of society. A Ministry of Agriculture pamphlet on rabies control puts the message bluntly: "There is no room for complacency."

are either nonexistent or less rigorous than those in Britain. In Britain, no case of rabies outside of quarantine has been reported since 1970, according to the ministry. Most farm animals, including horses, are exempted from rabies regulations.

Denmark Aids Mozambique Reuters MAPUTO, Mozambique — Denmark has pledged to give Mozambique \$35.8 million next year for development projects, the official AIM news agency said.

Justice in Italy Is Blind and Lame, and Oh So Halt

By Clyde Haberman New York Times Service ROME — It was really nothing more than a bump on the head, the judge was saying, yet the case has dragged on for nearly a decade.

warning from Italy's 7,000 magistrates, a term that encompasses both prosecutors and judges, was enough to prod Justice Minister Giuliano Vassalli to promise an immediate infusion of typists, secretaries, offices and computers. Measures to reduce the judicial work load would follow, Mr. Vassalli said, and his pledge persuaded the magistrates to suspend their strike threats.

But the magistrates are striking back, and if recent newspaper editorials are a guide, public opinion may be shifting their way. There is sympathy for complaints that judges are prime victims of a criminal justice system that receives an insufficient 1 percent of the national budget, about \$3 billion.

levelled at Angola and Cuba. But he made it clear that "unless anybody changes their basic approach, the war will not be won."

U.S. Supreme Court Agrees To Study Damage Claims

The Associated Press WASHINGTON — The Supreme Court announced Monday that it would again study the constitutionality of multimillion-dollar punitive damage awards, a growing phenomenon in U.S. courtrooms.

that has sparked legislative debate nationwide. The justices agreed to decide whether or not awards, which often far exceed actual damages, violated a constitutional ban on excessive fines.

Ortega Cancels Visit to the UN

The Associated Press MEXICO CITY — President Daniel Ortega Saavedra of Nicaragua said Monday that he would not go to the United States this week because the United States failed to issue enough visas for his party and imposed unacceptable restrictions on his stay.

New Doubts on Angola Pact

By Christopher S. Wren New York Times Service BRAZAVILLE, Congo — The abrupt departure of South Africa from talks on peace in southwestern Africa appears to have thrown into doubt the readiness of the government of President F.W. de Klerk to commit itself to a withdrawal from South-West Africa, also known as Namibia, in exchange for a promised Cuban pullout from Angola.

levelled at Angola and Cuba. But he made it clear that "unless anybody changes their basic approach, the war will not be won."

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New Leader In Caracas Sets Mideast Oil Talks

Reuters CARACAS — The president-elect of Venezuela, Carlos Andrés Pérez, who won a sweeping victory in the election Sunday, said Monday that he would soon go to the Middle East to meet Arab leaders for talks on oil policy.

WORLD BRIEFS

2 Car Bombs Explode in Lebanon

BEIRUT (AP) — Car bombs exploded Monday near Syrian Army checkpoints here and in the Bekaa valley, killing one person and injuring at least six other civilians, police said.

Palestinian Girl, 15, Reported Killed

JERUSALEM (AP) — Israeli troops shot and killed a 15-year-old Palestinian girl Monday in a clash with stone-throwing schoolgirls in a Gaza Strip refugee camp, witnesses and hospital officials said.

Hungarian Mission Opens in Seoul

SEOUL (Combined Dispatches) — A Hungarian diplomat arrived Monday to open the first Communist-bloc mission in Seoul since Korea was divided in 1948.

Yugoslav Party Maintains Ouster of 2

BELGRADE (Reuters) — The Communist Party in the troubled province of Kosovo decided Monday against the reinstatement of two ethnic Albanian leaders who were removed after being accused by Belgrade authorities of being soft on separatists.

For the Record

Jiri Hajek, a human rights activist who was Czechoslovak foreign minister during the 1968 Prague Spring reform period, left Monday on his first foreign trip in 20 years, a spokesman for the Austrian Socialist Party said.

TRAVEL UPDATE

A major link in the European road network, the Brussels-to-Luxembourg turnpike, was inaugurated Monday by King Baudouin of Belgium and Grand Duke Jean of Luxembourg. The ceremony for the four-lane, 10.3-kilometer express highway, 188 kilometers (120 miles) long, took place at the border point of Stempnich, Belgium.

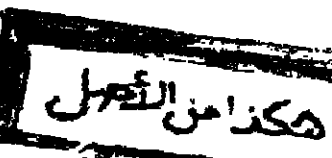
French Group Charges Strikes Hurt Recovery

PARIS — Transport strikes that have crippled Paris are threatening France's economic recovery, the head of the French Employers Association said Monday.

Hirohito Survives Vascular Crisis

TOKYO — Emperor Hirohito's condition stabilized Monday night after his blood pressure fell to its lowest level since he became critically ill more than two months ago, palace officials said.

California... Debate Mourn On 2 N-Bomb... Nixon Favorite: Novel in Which Writer Is Slain... WASHINGTON — For the first time in 25 years, a presidential election was held in the White House and the results were not known until the morning after the election.



California, Here He Comes: It's Ex-Governor Jerry Brown!



Edmund G. Brown Jr. during 1987 studies in Japan.

By Jay Mathews
Washington Post Service

LOS ANGELES — For six years, there were only occasional rumors and sightings: He had grown a beard. He was studying Buddhism in Japan. He had gone off to India to tend the sick and dying with Mother Teresa.

Admirers who waited patiently for the political return of former Governor Edmund Gerald Brown Jr. of California have had little more than their hopes. "Jerry" Brown, probably the best-known and most provocative California Democrat of this century, was no more revealing of his feelings and intentions in exile than he had been during two terms as governor.

But now, as certain as anything can ever be with one of the most unpredictable of American politicians, Mr. Brown is back and already embroiled in a political and ideological dispute that reminds many of the Jerry they once knew.

In just a few months, he has become a relentlessly active (if still undeclared) candidate for California Democratic Party chairman. The job would have seemed beneath him when he was running for president and acquiring a reputation as a quick-witted "governor Moonbeam."

philosophizing on the need for limits in modern life but failing to halt an outbreak of Mediterranean fly flies.

But California politics is changing, with

a new campaign reform law and a rebirth of grass-roots organizing that could give the state party apparatus powers it has not had since the turn of the century.

"The political parties have been very weak in effect anti-parties," Mr. Brown said in an interview. "The result is that power has flowed to the special interests."

Mr. Brown insists that he also has changed. In an uncharacteristically long and personal account of his last six years published last week in the Sacramento Bee, Mr. Brown said he learned "a painful truth" about his years in office. "I forgot about the basic building block of any powerful institution: shared effort, shared philosophy and caring, not just about political goals but about the persons right in front of you," he said.

"I knew where I was going," he said, "but too often I was going there by myself."

California Democrats nonetheless remain divided over Mr. Brown's motives in his first campaign since his losing race for the U.S. Senate in 1982. "One could say that Jerry Brown is engaging in a fantasy and that he is bored," said Neil Eisenberg, a San Francisco attorney also seeking the party leadership.

Rarely reluctant to put some ideological distance between himself and the party establishment, Mr. Brown waved a red cape in front of his critics by telling Sister Mary Ann Walsh of the National Catholic

News Service that his work with Mother Teresa has convinced him that abortion is "crazy" and that "we've organized society to be anti-life."

"I think he is really off-base," said the state party vice chairman, Steve Westly. Mr. Brown's closest competitor for the top party job.

Most observers say Mr. Brown can win a vote of the 3,000 delegates to the state convention in February. Some are enthusiastic about what his celebrity status may do for the party.

"We have to do something different in the state," said Jim Clarke, head of the Los Angeles County democrats. "We have to remember this state since 1964 has never gone for a Democratic presidential candidate."

Mr. Brown, 50, has stepped back in to the limelight sounding less like the gadfly philosopher of the 1970s and more like a political technocrat of the 1980s.

"We need a resurgent party organization, one that involves a unique partnership of elected officials and grass-roots activists to mobilize in every locality of the state," he said. "The Democratic Party must be able to fully utilize direct mail, telemarketing, and door-to-door contact with voters to build its financial and electoral base."

Two years ago, Mr. Brown was far from such earthly concerns, living a reclusive

existence in the Japanese city of Kamakura near Tokyo, writing a book and studying Zen Buddhism.

In the recent Bee article, he said, "It is a strange experience to be retired as governor of the largest state at age 44. I knew that there would be another phase in my life and that it would involve politics—so deeply ingrained that it is — but first I would have to spend several years confronting what it was I had been doing and why it was not enough to achieve the purposes I had set for myself."

Mr. Brown, who once studied for the priesthood, said he "recaptured my faith" watching a "mixture of Christianity and native pre-Columbian ritual" while spending a summer in Mexico learning Spanish. In Japan, he sensed "a profound unity" beneath "the very different symbolisms of East and West."

But he seemed most moved by the four weeks he spent early this year helping tend the sick and dying of Calcutta at the House of the Pure Heart, run by Mother Teresa, the Nobel Prize winner.

He said Mother Teresa's work awakened a belief that "anything is possible." He told the Catholic News Service that it also "gave me a different perspective on the whole question of abortion" because so much effort was being made to comfort and protect individuals "with not as high a quality of life as a three-month fetus that is healthy and has potential."

It wasn't simply a matter of life or death. It was more important than that.

The first highland malt whisky in Scotland to be given a producers licence under the 1823 Act was The Glenlivet. Rival whisky makers were so jealous that they threatened to burn The Glenlivet Distillery to the ground.

So it was guarded night and day by George Smith. The Glenlivet's founder, with a brace of pistols. To protect his precious whisky he was prepared to lay down his life.

Of course, no whisky on earth is worth such a sacrifice.

But perhaps in the case of The Glenlivet?



The Glenlivet 12 years old single malt whisky.

In Texas, a World Without Oil

3 Years After the Bust, the State Regains Confidence

By Peter Applebome
New York Times Service

HOUSTON — For the first time since the bottom fell out of its economy three years ago, Texas is envisioning the brave new world beyond the oil bust that cost the state its financial independence and a sizable chunk of its self-esteem.

That it sees is a state that will probably never again be as oil-driven and insular as it was, a state that is unlikely to recreate the giddy prosperity of the 1970s any time soon. Some fear it will not be as much fun, either.

But despite immense problems in real estate and finance, many analysts say Texas has come out of the bust in relatively strong shape, with a more diversified economy, a healthier sense of its limitations and the potential for extraordinary influence in Washington.

For all its recent troubles, Texas is the only state that can boast a president-elect, a speaker of the House and at least two cabinet officers in the new administration.

At the very least, the bust dragged the state into the inevitable, if blander, age when it would no longer live and die with the

petroleum riches that created most of its wealth and much of its myth. And many feel the bust will be the dividing line between the rural, mostly white Texas of old and the urban, racially diverse state that exists today.

The bust hit Texas in 1985, when most of the rest of the country was enjoying an economic recovery. Because of declining demand and worldwide overproduction, oil prices fell by two-thirds in less than a year. Drilling stopped in many fields. A hundred thousand people lost their jobs in 1986 alone. Retail sales declined for the first time since the state began keeping records. The rate of unemployment rose from 5.2 percent in 1980 to a high of 8.9 percent in 1986.

Of late, for a change, most of the news from Texas has been positive.

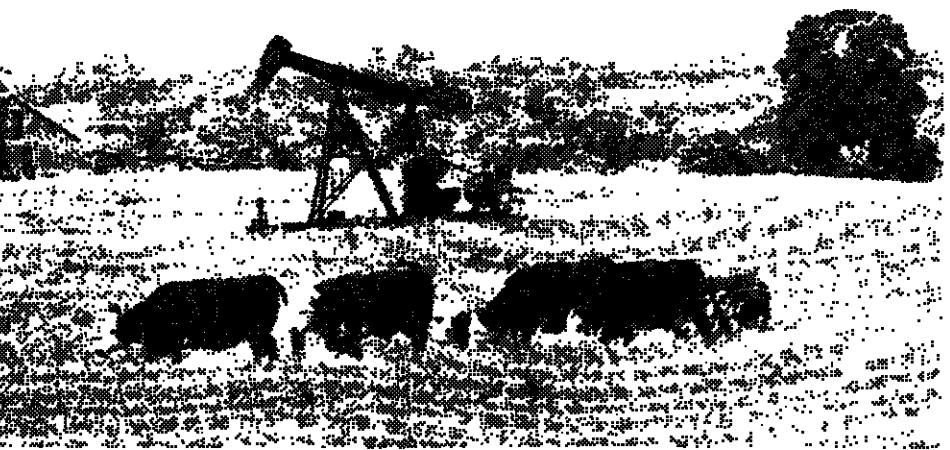
The most dramatic development was the federal government's selection of Texas last month as the site of a \$4.4 billion atom smasher, the Superconducting Super Collider, that will be the world's largest scientific instrument.

About the same time, the Texas state comptroller, Bob Bullock, estimated that state revenues would increase by \$4.2 billion over the next two-year budget cycle.

This helped dramatize what economists have said for some time — that the state probably hit bottom near the beginning of last year and has been staging a sometimes wobbly recovery since then.

Some long-term costs of the bust are still being felt. Unemployment is 7.4 percent, well above the national average.

The bust dragged the state into the inevitable, if blander, age when it would no longer live and die with the petroleum that created its wealth and myth.



The New York Times

Debate Mounts in U.S. On 2 N-Bomb Reactors

By Michael R. Gordon
New York Times Service

WASHINGTON — A bruising battle is shaping up in Congress and among military experts over the Energy Department's plan to build two costly new reactors in different states as an urgent first step toward revitalizing the U.S. capability to produce nuclear weapons.

The fight focuses on whether more than one such reactor is necessary. Despite broad agreement that the United States must modernize its crippled nuclear bomb industry, there is no consensus on how many new plants to make material for atomic weapons should be built, what type should be constructed, and how much the country should pay to build them.

"It is the next big battle," a congressional aide said of the Energy Department's two-reactor proposal to Capitol Hill. "It's going to be a nasty fight."

The overall problem facing the department is that its weapon production network, scattered at 17 sites in 12 states, has been disabled by safety and environmental hazards and by managerial failures.

The most pressing specific problem arising from this is the need to replace the older reactors for producing tritium at the Savannah River plant in South Carolina. Since August, they have been shut down for safety reasons and Energy Department documents indicate it could be six months or more before one is restarted.

Tritium is a highly perishable gas that is used to boost the explosive power of nuclear warheads.

Responding to the need to replace the aging reactors, Secretary of Energy John S. Herrington proposed the plan in August for two tritium-producing reactors. The department's estimate of the total cost is \$6.8 billion, in current dollars, and the first of the reactors to be completed would be on line around the turn of the century.

The debate has been political as well as technological, entailing not only important disagreements about U.S. security needs but also the sort of investment skimming more frequently seen over government spending on highways and dams.

For instance, Senator Strom Thurmond's vision of the weapon network's future includes a new tritium reactor, which would employ existing technology, in his home state, South Carolina. At the same time, the favored project of James A. McClure, the ranking Republican on the Senate Energy and Natural Resources Committee, is a new kind of gas-cooled reactor, also producing tritium, for his home state, Idaho.

The department's proposal satisfies both of them: First, the Savannah River plant, near Aiken, South Carolina, would get a new heavy-water reactor, the type in use there for more than 30 years; then, the Idaho National Engineering Laboratory, near Idaho Falls, would get the innovative gas-cooled plant.

The Energy Department maintains that the plan is not a concession to congressional politics. It contends that the nation needs tritium reactors at different sites as protection against such contingencies as a natural disaster.

Further, the department says, the varying nature of the two plants would serve as insurance against future problems involving the technology or safety of either.

Skeptics like Sam Nunn, the Georgia Democrat who heads the Senate Armed Services Committee, support the department's modernization efforts in general but question whether the United States can afford to build two tritium production plants simultaneously at a time of other pressing military needs, renewed efforts to hold down government spending, and an environmental cleanup of the existing bomb manufacturing network that will probably cost more than \$100 billion over coming decades.

President-elect George Bush has not publicly addressed the plan but there is nothing to indicate that he differs with Reagan administration policy, and the Bush administration will have plenty of incentive to carry on with what the Reagan administration has proposed.

For one thing, the Energy Department has invested enormous time and effort into its plan. Further, the proposal is the only such working plan under consideration by the government at a time when the need to develop a new tritium source is growing ever more urgent.

That urgency stems from the physical properties of tritium itself. Unlike plutonium, a nuclear bomb's other main fuel, which is not in short supply, tritium decays at a rapid rate, by 5.5 percent a year. In so doing, it turns into harmless helium.

The speedy decay means that supplies of new tritium must be available. But the only U.S. sources of such supplies are the closed reactors at Savannah River.

Once Texas banks aspired to be great powers. Now virtually all the major banks in the state are owned outside it. The state's thrift industry, which made huge and probably uncollectable loans to real-estate and energy entrepreneurs who then went bankrupt, is a disaster awaiting federal relief. Dallas, Houston, and particularly Austin will need years to work off a glut of speculative office construction.

Skeptics say that with those minus and no single powerful engine like oil to pull the economy, Texas will be a long time in even approaching its old strength.

But even at its ebb, Texas remained an economic behemoth whose strengths were probably overshadowed by the high drama

of its weaknesses. In 1986, it ranked among the top three states in such categories as personal income, foreign trade, retail sales, manufacturing, bank deposits, agriculture and nonresidential construction.

Even then, at the bottom of the bust, its industrial output ranked ahead of all but nine nations.

Thomas Plant, chief economist for the Texas comptroller's office, said the state had gained 95,000 jobs in the first nine months of this year. A boom in manufactured exports, particularly petrochemicals, has been the key element in the recovery.

Texas has other long-term advantages. Its labor force is projected to grow at 1.5 times the national

average at a time of anticipated labor shortages. Its location as a gateway to U.S. trading partners in Latin America is a major advantage.

The Texas economy is also starting to benefit from a side effect of the bust that outsiders may find galling.

When state and local officials try to persuade outside companies to move to Dallas or Houston, a big selling point is the bargain-basement office prices caused by the building binge. That binge was financed in large part by Texas savings institutions whose unpaid debts will probably have to be carried by the federal government, but the state will profit from the buildings left behind.

Nixon Favorite: Novel in Which Writer Is Slain

New York Times Service

WASHINGTON — Former President Richard Nixon has warmly endorsed the theme of a new novel, "Patterns of Abuse — A Novel of Politics and Power," to be published early next year by Wynwood Press of New York.

The author, John H. Taylor, is Mr. Nixon's chief assistant, and the story is familiar.

Mr. Nixon said that while he lacked the time to read many novels, he had read this one and "found it to be a fascinating mystery involving the media, the White House and international intrigue."

The novel, spiced with lurid sex scenes, has a twist: The Washington Post reporter bent on uncovering the president's secret plans is killed.

The novel's president ultimately triumphs. In an afterword, the author expresses thanks "to RN, for his support and wisdom."

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THE FINE ART OF FLYING

AIR FRANCE

INTERNATIONAL Herald Tribune

Cameras on Gorbachev

Mikhail Gorbachev loosened the gaze on his people and thereby created something radically novel in the Soviet Union: public opinion. He now has to do something equally revolutionary—feed it. And that is just what he is doing on the grand tour that brings him to New York this Tuesday.

Soviet public opinion will be diverted by his journey, but only momentarily, for the grumbling runs deep: bad food, too little housing, too little autonomy in the Baltic states, ethnic hatreds between Armenians and Azerbaijanis, a bleak and gray life.

These two considerations, Soviet public opinion and economic weakness, will govern Mr. Gorbachev's meetings with Ronald Reagan and George Bush. Thus, the Soviet leader will seek to impress, not to bargain. He is not in a good position to deal. Far from testing and challenging President-elect Bush, he is likely to want to extend the atmosphere of peace and goodwill. That remains the only way he can gain the time and the resources necessary for economic reconstruction.

Since Mr. Gorbachev cannot feed his people a better life, he has to offer them a better show. They will see their leader at the New York Stock Exchange, the very soul of the evil capitalist empire—some of whose riches he implicitly promises by his presence there. He will address the United Nations. Advance word suggests that he intends to dazzle listeners with farfetched statecraft, for instance, the need for multilateral efforts to combat narcotics and to protect the global environment.

Yet showmanship and even statecraft should not be confused with negotiations. He knows that his hand is not strong. He has already made the lion's share of concessions in the Euro-missile treaty, Afghanistan and southern Africa. He will make more, but not too fast or too obviously, and not before the Bush inauguration.

Mr. Bush has undoubtedly made it clear that he also intends to avoid bargaining. He must first assemble the players on his team, organize his policies and work with the allies. Thus this week's high-level encounters will probably be brief, pictorial and, by definition, successful.

Mr. Gorbachev needs a receptive international climate so that one day soon he can confront his military and hard-liners with the necessity of cutting Soviet forces. The money and talent thereby freed are crucial to exploiting technology better and galvanizing the Soviet economy.

With these thoughts in mind, Mr. Gorbachev is about to command the world stage. An unhappy but proud people will take pride, and perhaps give their hero a little more leeway, a little more time.

—THE NEW YORK TIMES.

A Different Mexico

In his inaugural address, President Carlos Salinas de Gortari declared that Mexico's debt payments have become "unsustainable." He wants voluntary negotiation with the creditors, he said, rather than conflict. But he intends to see that the costs of debt service decline to allow faster growth of the Mexican economy. His critics complain that he has provided no details of his plan. But the details will depend on the response that he gets from the creditors—above all, from U.S. banks and, looking over their shoulders, the Bush administration.

During the Reagan years, the government in Washington has often seemed to treat the debts as a purely private matter between the Latin and the bankers. But this autumn the United States has been moving publicly and forcefully to limit state support for Mexico. In October there was the \$3.5 billion loan to Mexico. Late last month President-elect George Bush invited Mr. Salinas to Houston for lunch and brought both the secretary of the Treasury, Nicholas Brady, and his designated secretary of state, James Baker, to the affair. These were gestures designed to assure Mexico that it has friends in Washington.

The Baker plan to deal with the Latin debts was, in essence, an offer by the rich countries to provide financing in return for

fundamental internal reforms on the part of the debtor countries. Mexico has now done more—far more—to restructure its economy than any other among the major debtors.

The traditional Mexican system was turned inward, with heavy protection from world competition allowing favored companies to earn large profits. Much of that money went back into politics, to maintain the protection. It was a system in which a few got very rich, most stayed very poor and corruption flourished. Under President Miguel de la Madrid, whose term has just ended, Mexico has begun an extraordinary transformation. It is opening its markets to world trade. It has shut down some state-owned plants and begun to sell off some state enterprises. Blatant corruption, which rose to spectacular heights under Mr. de la Madrid's two predecessors, has sharply diminished. Mexico is building the foundation for a strong commercial economy.

That gives the Bush administration every reason to work with Mr. Salinas in the interest of both countries. Mexico is the place for the creditors to demonstrate that, by following rational and enlightened policy, a country can reduce its debts to manageable levels while simultaneously raising the living standards of its people.

—THE WASHINGTON POST.

Other Comment

Bhopal + Four Years = Zero

Sunday was the fourth anniversary of the world's worst industrial disaster. In the dead of that awful night, 200,000 people tried to flee the poisonous gas that entered their lungs near Union Carbide's pesticide plant in Bhopal. The exact number who died that night is unknown, but it exceeded 2,000. Additional tens of thousands were seriously injured, their lungs seared, their eyes damaged, their ability to work curtailed. And they are still dying, according to government statistics, at a rate of about 400 per year.

For four long years, the Bhopal victims have waited for some relief. None has come from Union Carbide, and precious little from the Indian government. While the issues are being fought out in high-priced court battles (Union Carbide is spending more than \$7 million per year on legal fees alone) the victims suffer their illnesses and their poverty, and watch themselves and their loved ones sicken and die.

Long, unrelieved suffering is not peculiar to the victims of the Bhopal accident. It is a pattern to be found in many cases where people have been hurt by corporate actions or operations. Large corporations are loath to admit liability, for that might mean large settlement costs, as well as indirect costs through loss of consumer and customer confidence. Many corporations find it cheaper to out-wait the victims, by waging protracted and expensive legal battles, until the victims are willing to settle for relatively small sums.

Out of such misery in Bhopal, and from the lawyer chosen by the victims, has come a compassionate new idea for justice that sees both the search for truth and the suffering of the victims. It is the concept of interim relief. It involves distributing immediately, upon request by a court, a sum of money to the victims, without prejudice to the outcome of the case—that is, without affecting responsibility or blame. Thus the victims' suffering is alleviated somewhat, while legal proceedings take their course.

In Bhopal, the court hearing the case ordered Union Carbide to pay interim relief of \$270 million to the victims. The payment of interim relief would not prejudice Union Carbide's position because it does not im-

ply any admission of guilt or responsibility. It only recognizes that the victims, all of whom are poor, many of whom are sick and disabled, and some of whom are dying, should be helped now. Union Carbide has not paid that relief. Instead, it is fighting the interim relief order in court.

—President Clarence J. Dias, of the International Center for Law in Development, and Ward Morehouse, of the Council on International and Public Affairs, both based in New York, writing in the Los Angeles Times.

At the weekend some 500 people were arrested when a demonstration turned into an attempt to storm the Bhopal plant of an unparalleled man-made catastrophe. In one appalling respect, the fourth anniversary is exactly like earlier ones. There is no sign of compensation for tens of thousands of shattered families.

The first attempt at justice for the bereaved and maimed was in the American courts, which took 18 months to decide that the case was a matter for the Indians, whose courts have sunk helplessly into a morass of red tape, rival appeals and procedural disputes. The most disgusting aspect of the deadlock is the row between Union Carbide and the Indian government on whether Indians rate as much damages as Westerners. This is the Circumlocution Office's way of saying that those who demand least of the world's resources while alive and well should be no more generously treated in death or disability.

—The Guardian (London).

A Common Energy Strategy

Oil-consuming nations, including Japan, should formulate a long-range energy strategy. This requires increasing oil stocks, continuing efforts to develop their own oil and non-oil energy sources and renewing energy-saving efforts which have slackened. Oil-producing countries now are going into the oil refining business, hitherto the domain of advanced countries. It is time for a new dialogue between oil-producing and oil-consuming nations to stabilize the oil market.

—Yamuri Shimbu (Tokyo).

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Gorbachev Détente On the Move

By Jim Hoagland
PARIS — The move of Mikhail Gorbachev to the West...

Communists in a Mood to Deal

NEW YORK — "The crisis of communism from Belgrade to Beijing is continuous... Every Communist country suffers from the built-in inadequacies of the system..."

By Jeane Kirkpatrick

where, the Soviet press reports, Moslems display pictures of Ayatollah Ruhollah Khomeini. Meanwhile, Georgians continue to organize public protests.

against Armenians to maintain structures imposed from above by a central government that he has pledged to weaken.

OPINION



The Phantoms Will Return, But With a Different Coach

By Dave Barry

MIAMI — It's 12:30 Saturday afternoon, and I'm desperately trying to learn the rules for soccer. I used to play soccer occasionally back in junior high...

"C. Strategy: which tactics are to be used, the arrangement of... And so on. I read these words several times, gradually becoming convinced that they'd make equal sense in any order..."

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LETTERS TO THE EDITOR

Barring Arafat Wasn't What Statesmanship Required

In response to "Arabs Seek Shift of UN Debate in Arafat-U.S. Rift" (Nov. 28) and other reports on the U.S. decision to deny a visa for Yasser Arafat...

Council in Algiers, however imperfect, are the obvious base for such a process. Your reports suggest that the secretary of state chose instead to have a last fling at turning his personal feelings into policy...

Regarding "Rejection of Visa for Arafat Is Shultz's Personal Statement"

Secretary-General Javier Pérez de Cádiz should have declared the United Nations complex an extraterritorial site picked up Mr. Arafat at Kennedy International Airport in a helicopter...

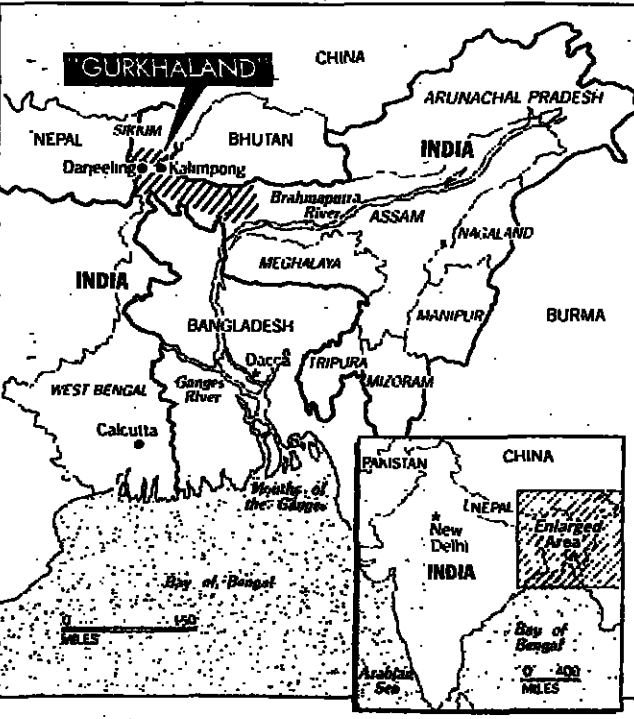
Why did the United States refuse the visa request? Officially, because of Mr. Arafat's terrorist connections. This may be a valid claim, but it did not prevent Washington from granting him a visa some years back...

GENERAL NEWS

In Darjeeling, Bitter Foes Await a Vote

By Richard M. Weintraub

DARJEELING, India — Once again, the Queen of the Hills — as Darjeeling is fondly called — is at peace. Or at least so it seems in the crowded streets and mountainside walkways where tourists gaze at mighty Kanchenjunga...



Under the agreement, both Communist and Gurkha militants agreed to turn in their arms and a hill council was to be elected that would have control over local matters.

Opposition Criticizes Cabinet Shuffle in Seoul

By Peter Maass

SEOUL — President Roh Tae Woo, in an expected move, shuffled the South Korean cabinet Monday, but the main opposition parties immediately described the shake-up as a hollow gesture that failed to cut Mr. Roh's ties with the authoritarian legacy of former President Chun Doo Hwan.

against Mr. Roh's newly designated prime minister, Kang Young Hoon. Mr. Kang, who needs approval from the National Assembly before taking office, is a former general and member of the ruling party who served under Mr. Chun as ambassador to Britain.

Peace and Democracy, the largest opposition group, led by Kim Dae Jung. "There is no conviction from President Roh to cut his ties with the Fifth Republic," he said. "There is no intention to make the country democratic."

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White House Sights Kept Low

No Breakthroughs Expected at Gorbachev Luncheon

WASHINGTON—The Reagan administration would find "nothing embarrassing" in concluding a meeting with Mikhail S. Gorbachev that produced no breakthroughs or agreements, the chief White House spokesman said Monday.

While striving to limit U.S. expectations for the luncheon Wednesday among President Ronald Reagan, Mr. Gorbachev and President-elect George Bush at Governors Island in New York harbor, the spokesman, Marlin Fitzwater, acknowledged that the Soviet leader could spring a surprise there.

But the two sides, widening the superpower dialogue, have decided to set up a separate session between Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze. That meeting will be held at the U.S. Mission to the United Nations in advance of the

luncheon, according to the State Department spokesman, Charles E. Redman.

Reminded that Soviet officials and analysts said during the week-end that Mr. Gorbachev had more in mind than just a cordial talk with the president and vice president, Mr. Fitzwater said, "I'm sure the Soviets want to put a positive face on this trip." But he said he was unaware of any major new Soviet initiative, and suggested that U.S. officials would not let Mr. Gorbachev put them under pressure to respond immediately to one.

"We have a president who is leaving office in a few weeks, who is not going to be making any promises that he is not here to keep," Mr. Fitzwater said. "And we have a new president who will be taking office in a few weeks, who is not going to be making commitments when he doesn't have an administration in power that can fully analyze and make these judgments."

"So we find nothing embarrassing or in any way negative about characterizing this meeting as a friendly discussion—an open airing of issues between us and a healthy approach toward continuity."

Mr. Fitzwater said the fact that U.S. and Soviet officials can sit down and talk, without there having to be tangible, immediate results or agreements, illustrates "the strength of the new relationship" between Washington and Moscow.

He also said that no U.S. official knew what Mr. Gorbachev planned to tell the UN General Assembly in an address just before the luncheon. He said that the language of the Soviet advance team during the weekend was "optimistic and upbeat and so forth, but it was all very general."

Mr. Fitzwater said that the president had been briefed on the East-West situation by the national security adviser, Colin D. Powell, and that Mr. Bush had been at the session in the Oval Office.

At a meeting with college presidents earlier Monday, Mr. Bush said he expected substantive discussions but would not make any commitments at the superpower meeting.

Soviet officials said Sunday that Mr. Gorbachev would bring important ideas to the meeting, and Vladimir Zolotarev, a Soviet television commentator, said Monday that he believed they would include new ideas on reducing the superpowers' nuclear arsenals.

"I would expect something very important in the area of arms reduction," he said in a TV interview. "I'm sure of that."

Meanwhile, the Tass news agency said the Soviet Union was aware that the next U.S. president would need time to get adjusted but urged that this period be kept as short as possible to avoid "backsliding" in international relations and arms control.

"It is perfectly natural that the new administration will need some time to get its bearings in the complexity of domestic and international problems," said Pavel Vorobiov, a Foreign Ministry expert on U.S.-Soviet ties, in a commentary carried by Tass.

"But it is very important not to drag out this period. Marking time in international affairs, especially in the domain of arms limitation and reduction, is tantamount not only to loss of time but to backsliding."

The article said the foundation of the countries' relations, laid in the past four summit meetings, was strong and solid.

"But further success requires purposeful guidance, firmly set on achieving a positive result," it said.

(Reuters, AP)



A man who had been posing as a press photographer pulled a gun and ran from angry Argentine journalists in front of a rebel-held base. He was attacked by onlookers and turned over to police.

MUTINY: Insurgents Hold Out

(Continued from page 1)

whose brother, Carlos Saúl, is the Peronists' presidential nominee for the May 1989 elections, said, "The characteristics of what happened make one suppose that the surrender was not gratis."

Antonio Cafiero, the governor of the province of Buenos Aires, said that when he asked the president "what the price had been of ending the conflict, he told me, 'None.'"

But Mr. Cafiero said he thought the government did not always tell the truth.

Hundreds of policemen were sent to the suburban Villa Martelli base Sunday to form a line between the rebel soldiers and the more than a thousand civilian demonstrators who gathered outside.

The demonstrators engaged in skirmishes with the police throughout the day as they tried to get to the gates of the base. From inside, the rebels periodically tossed tear gas at the demonstrators.

Authorities said the worst violence occurred when loyalist troops began to depart in tanks and trucks after President Alfonsín announced the end of the rebellion. The demonstrators booed the departing troops.

During this time, the authorities said, there were outbursts of automatic rifle fire. They said two civilians and a policeman died of head

wounds and 13 civilians and 12 policemen were wounded.

Refusing to Quit

Colonel Saenzvaldi said Monday that he was still in charge of Villa Martelli and that he did not know when he would end his rebellion. Reuters reported from Buenos Aires.

"The situation is very fluid," he said.

Speaking at the rebel-held complex, Colonel Saenzvaldi said he and government troops led by General Cardi had reached a settlement in an effort to prevent bloodshed.

"They and we thought the same and because of that, we did not want to fight each other," Colonel Saenzvaldi said. "What we want is the restructuring of military power in Argentina."

There was no immediate comment either from the president's office or the Ministry of Defense.

Government troops who threw a ring of tanks and artillery around Villa Martelli base on Sunday, withdrew after the army announced that the rebellion was over.

But on Monday afternoon, rebel troops with blackened faces rode around the base on tanks, carrying rocket launchers and shouting in defiance, witnesses said. There was no sign of any clearing-up operation.

Another group of rebels at Mercedes, 100 kilometers (60 miles) west of the capital, also refused to surrender, news agencies said Monday afternoon.

Colonel Saenzvaldi said that in the agreement with the military command, he had dropped his demands for the release of officers imprisoned for atrocities during the military juntas. "We know that in military juntas, the government is inflexible and that demanding it could break the constitutional system, and we don't want that to happen," he said.

ETHNIC: Republics Are Warned

(Continued from page 1)

dered to send teachers to the temporary quarters, it said.

Earlier, an Azerbaijani official said that Soviet troops had used force Sunday to clear crowds from the central square in the Azerbaijani capital, Baku. He did not say what sort of force was used.

Demonstrators assembled again in Baku on Monday following rumors that people had been killed in the incident Sunday. The Azerbaijani official denied that anyone had been killed but said that it was unclear whether anyone had been injured.

Curfews were imposed last month in large areas of the republics of Armenia and Azerbaijan after ethnic disturbances. But at least 28 persons have died in the past two weeks, according to officials.

"Right now, the situation in Armenia can be described as stable," Soviet television said. "Economic life is starting to operate smoothly."

"There have been far fewer violations of public order in the town," it said. "This has allowed the military command to reduce the curfew in force in Yerevan as of Monday."

It did not give the new hours of the curfew, which previously ran from 10 P.M. to 6 A.M.

The Soviet government and party statement said that many workers in the Transcaucasian region had complained of being dismissed for ethnic reasons—Azerbaijanis from jobs in Armenia and Armenians from jobs in Azerbaijan.

It did not say how many dismissals had taken place.

"Economic managers and party leaders not only fail to put an end to these criminally arbitrary practices, the pressure and the threats against innocent people," it said, "but often directly connive in these illegal actions and even take an immediate part in them."

The joint statement demanded that the party organizations and governments of Armenia and Azerbaijan "move decisively to stop the flagrant violations of people's constitutional rights."

It said that those who allow illegal dismissals on ethnic grounds "must be brought personally to account and face punishment, including expulsion from the party, removal from office, and in cases envisaged by law, criminal responsibility."

The statement said that measures to stamp out the illegal dismissals should be taken publicly and announced at factories and through the media.

Political analysts said the statement showed the Kremlin's determination to restore law and order to the Transcaucasian republics.

Mr. Gorbachev met with leaders of the two republics last week and ordered the creation of a commission, comprising representatives of Azerbaijan, Armenia and the Politburo, to deal with the crisis. He criticized the leaders of both republics for their handling of the dispute and said failure to take necessary steps would worsen the situation.

The trouble was provoked by Armenian demands for control of the territory of Nagorno-Karabakh, now part of Azerbaijan.

(Reuters, AP)

GORBACHEV: The West Asks, Can He Pull It Off?

(Continued from page 1)

sition of dogmatic Marxists in the party apparatus, who would prefer to modernize the economy without the discomforts of a more aggressive press or greater democracy.

And it includes a public fearful of change, as demonstrated by the open resentment directed at the new class of private entrepreneurs, and by the apparent revival of brooding, xenophobic Russian nationalism.

Mr. Gorbachev now acknowledges that he underestimated the strength of these conservative forces.

This year he mounted a strong counteroffensive. He purged or weakened conservative rivals in the Kremlin, sending holdovers from the Brezhnev era into retirement and isolating his putative chief rival, Yegor K. Ligachev, in the thankless job of running agriculture.

He has given the press even greater license to rake up the sins of Stalin and Brezhnev, and opened the debate on the future of socialism to longtime opponents such as the human rights advocate Andrei D. Sakharov and the dissident historian Roy A. Medvedev.

He has grown steadily more radical in his prescriptions for the economy, embracing more private farming, worker ownership of industry,

and greater integration with the outside world.

He has pushed through a far-reaching redesign of the political system aimed, he says, at shifting greater power to elected legislators and independent courts and rendering the course of change "irreversible."

All of this has demonstrated Mr. Gorbachev's nimbleness as a politician, his toughness, and his capacity for compromise.

But in consolidating his own position, he has also reminded his supporters how much the drama of change in the Soviet Union depends on this one compelling but mortal figure.

It may be that Mr. Gorbachev cannot decentralize power until he controls it, but his steady accumulation of authority has somehow left him appearing both lonely and imperial.

Armenia and Estonia have taught the world this year that conservative resistance is just one of Mr. Gorbachev's worries. Ethnic impatience is another, immediate peril.

The Soviet leader has failed so far to find any unifying ideology—a new patriotism or Soviet pride—to counteract the divisive stresses of many nationalisms.

And unless Mr. Gorbachev can satisfy public demands for a quick improvement in the standard of living, he faces the danger of similar uprisings from consumers and workers.

But the disorders in his domain are also signs that people have begun to take Mr. Gorbachev at his word—faster than he reckoned.

In the republics of Armenia and Azerbaijan, the result seems dangerously intractable, an explosive situation that Mr. Gorbachev's more authoritarian critics can cite to prove the dangers of liberty.

But in the Baltic republics of Lithuania, Latvia and Estonia, Mr. Gorbachev seems convinced that compromise and restraint will prevail over impatience and anti-Russian feeling. If he is right, the potential reward is a Baltic economic success that may become an example for other regions of the country.

If success is defined as catching up with the West, few, even among Mr. Gorbachev's admirers, can quite imagine it. The leap across a chasm of psychology is so vast.

If success is defined more generously, as continuing at some pace on the path toward a more normal Soviet Union, then the question—Can he pull it off?—is still very much an open one.

HUNGARY: Plan for Change

(Continued from page 1)

bloody 1956 Soviet invasion that halted this country's revolution against communism, is clearly determined not to let control of the movement for change—or ultimate political power—slip from the party's hands.

He and other party leaders have stressed that the changes must come at a measured pace and that the new political movements budding around Hungary must be willing to cooperate with the party and refrain from challenging its power or making radical demands.

As with the Solidarity and Prague Spring movements, the party faces the tricky tasks of creating democracy while retaining political supremacy, and of establishing personal freedoms while warning people not to exercise them fully.

"There has to be a period of compromise initially, in which the new political forces agree to restrain themselves and allow the party to keep its authority," a senior party official said. "Otherwise, the party not only will be swept from power, but there will be no capable governing authority to replace it."

In Poland, the party and society have been unable to achieve such a compromise, while in Czechoslovakia, Soviet tanks crushed the 1968 attempt. Such experiences have led many Soviet-bloc politicians to doubt that the process of change in a Communist state can be both orderly and meaningful.

Despite the apparent magnitude of the coming changes, both the party leadership and the opposition here lack the revolutionary fervor that electrified Solidarity and the Prague Spring. Mr. Grosz's leadership is carefully balanced, even divided, among liberals, moderates and conservatives, while most of the dozens of opposition groups that have sprouted in the last year have stuck to remarkably moderate platforms and conciliatory stances toward authority.

The relatively tranquil atmosphere in Budapest at a time of upheaval around the Communist world may be one reason the Hungarian political changes appear acceptable to the Kremlin. Moscow, in principle, does not yet seem to favor such radical changes.

Mr. Gorbachev has ruled out a multiparty system for the Soviet Union, and his foreign policy deputy, Alexander N. Yakovlev, decided the concept publicly during a recent visit to Budapest.

But there has been no direct criticism of the Hungarian program by the Soviet leadership or press, and top party officials in Budapest say they feel confident Moscow will not hinder them.

"I think there is no barrier in the way," a senior official said.

One factor that could threaten the program is the growing discontent among Hungarians over years of economic stagnation and declining living standards.

But in contrast to events in Poland, Hungarian blue-collar workers have yet to play a significant role in politics and appear unlikely to turn independent labor unions into a mass opposition movement as happened with Solidarity.

Hungarian political leaders clearly hope that by providing legal channels for protests and opposition, they will minimize the disruptive effect of discontent among workers in the next two to three years as economic restructuring brings growing unemployment and a further fall in living standards.

Instead of rebelling against the party as in Poland, discontented workers and intellectuals in Hungary may find it more convenient to work through the system, party leaders say.

"In Hungary it has not been necessary for us to form a council of national salvation," the senior party leader said, referring to the sort of body periodically proposed as the answer to Poland's chronic crises. "We have a real chance of creating a council of national consensus."

Six months ago, such a consensus seemed inconceivable here. But since the replacement of the aging party leader János Kádár by Mr. Grosz and the extensive reshaping of the governing Politburo, the leadership has shifted to a strategy of anticipating changes necessary to maintain political stability.

ISRAEL: Coalition Blocked

(Continued from page 1)

that appeared to be secret promises made to Agudat Israel by Yossi Beilin, a longtime aide to Mr. Peres and now a member of the Knesset, or parliament.

Among the promises on the document were that Labor would restrict the raising of pigs in Israel, limit abortions and control the distribution of pornography.

Defense Minister Yitzhak Rabin, who opposed any negotiations with the religious parties, was furious when he saw the list and called Mr. Beilin "Peres's poodle."

Mr. Beilin explained that the list dated from early negotiations with Agudat Israel, just after the Nov. 1 elections. And about Mr. Rabin, Mr. Beilin said, "I think Mr. Rabin in his old age is an embarrassment to the Rabin of his youth."

After the negotiations with the religious parties last week, during which he contended that he had a chance of becoming prime minister again, Mr. Peres now is pushing for electoral revision.

"The country is burdened with defense, security, economic and political problems," he said. "I repeat again that if we won't change the electoral system, it will cause unbearable difficulties. It will be almost impossible to manage things. After every election this happens. It's absurd."

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VIETNAM: Plan to Trim Army

(Continued from page 1)

lecturer at the Australian Defense Force Academy in Canberra and a specialist on Vietnam.

The army has 1.1 million full-time soldiers reinforced by three million trained reservists, he said. The navy, naval infantry, air force and air defense units contain about 150,000 men. There is also a border defense force of 60,000 and various paramilitary groups totaling 1.5 million.

"Vietnam's military establishment thus numbers well over five million," Mr. Thayer said, or 8 percent of the population of 63 million.

Western intelligence sources estimate that in recent years, from one-third to one-half of the Vietnamese national budget has been allocated to the military.

Hanoi-based diplomats said a tapering off of Soviet military aid in the last few years and a near collapse of the economy had made development of a leaner military force imperative. Shortages of all kinds, galloping inflation and a fall in state revenue have compelled the government to cut spending.

General Quyet, speaking on the state radio, said the revamped army "must have a standing force that is numerically small but high in quality, combat efficient and constantly modernized."

It would be backed, he said, by "a very massive" corps of well-trained reservists who could be mobilized in a crisis.

Mr. Tin said the reductions had begun and would continue, step by step. "They will be very big both in absolute numbers and in percentage terms," he said.

Mr. Tin and other officials said the military overhaul reflected Vietnam's improved relations with Thailand and other non-Communist countries in ASEAN.

The officials also emphasized that Vietnam, with an estimated 100,000 to 120,000 soldiers in Cambodia, would withdraw all but 50,000 of them by the end of this month. They noted that Vietnam recently completed a withdrawal of about 40,000 troops from Laos.

Mr. Tin said that if relations between Vietnam and China improved, the country could reduce the size of the army even further.

Recent reports in the Vietnamese media have linked postwar budget constraints to a serious decline in military morale and discipline. Officers and troops complain of low pay and shortages of food, uniforms, fuel, transport and medical services.

Nguyen Xuan Oanh, an economic adviser to the Vietnamese government, said that because the army had for many years been engaged in economic work, "switching soldiers back into the civilian labor force will not have as sharp an impact as it would in other countries."

Since the end of the Vietnam War in 1975, a large number of troops have been working on development and agricultural plantations and in military industries that also produced goods for the civilian economy.

Mexican Leader Shifts Governor

MEXICO CITY—President Carlos Salinas de Gortari, in a move seen as a concession to the political opposition, has appointed the governor of Michoacan state, Luis Martinez Villacosta, to become director of federal roads and bridges.

Opposition groups in Michoacan had accused Mr. Martinez Villacosta, a member of the ruling Institutional Revolutionary Party, of violating the public trust and of using torture and other repressive measures against political opponents. His appointment to the federal post was made after a weeklong occupation of official buildings by supporters of the opposition.

Michoacan state is a stronghold of Cuauhtemoc Cardenas, the country's main opposition leader.

The result, the reports said, has been cases of corruption, stealing and diversion of military activity into food production and private gain.

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Arafat to Visit Stockholm

The Swedish Foreign Ministry said Monday that Yasser Arafat would travel to Stockholm on Tuesday for talks on the Middle East with Jewish representatives from the United States, Reuters reported from Stockholm.

The Swedish foreign minister, Sten Andersson, invited Mr. Arafat, the chairman of the Palestine Liberation Organization, to Stockholm together with a group of influential Jewish Americans, a ministry spokesman, Bo Heinebeck, said.

He declined to give the names of the U.S. participants.

He said Mr. Arafat also would confer with the foreign minister and meet Prime Minister Ingvar Carlsson and the speaker of parliament, Thage Peterson.

BUSH: A Different Style

(Continued from page 1)

that both Mr. Bush and the Secret Service would have to be a little. Spontaneity could enhance the risks to a president, he said, but it could also provide extra protection, since no one would know in advance where he was going.

Mr. Parr suggested that Mr. Bush might not fully realize yet how much more difficult it would be to move easily as president.

Aides pointed out that a quality of mischievousness could be seen around the White House, where Mr. Bush has tended to move so quickly that he often slipped away from some of the Secret Service detail.

But everyone who knows Mr. Bush said that he was an extremely responsible man who did not defy limits placed on him, and that he was, above all, a courteous man.

"There's something very boyish about him in this respect, almost impish," said C. Boyden Gray, a Bush confidant. "I think he'll be sensitive about gumming up traffic with the Secret Service. If it means irritating people with a long caravan of cars, it could curb his appetite for spontaneity. But he will try to go out when the mood hits him. And I think people will find it refreshing."

But there has been no direct criticism of the Hungarian program by the Soviet leadership or press, and top party officials in Budapest say they feel confident Moscow will not hinder them.

"I think there is no barrier in the way," a senior official said.

One factor that could threaten the program is the growing discontent among Hungarians over years of economic stagnation and declining living standards.

But in contrast to events in Poland, Hungarian blue-collar workers have yet to play a significant role in politics and appear unlikely to turn independent labor unions into a mass opposition movement as happened with Solidarity.

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ARTS / LEISURE

Alaia: Late Starter, but Still Clinging to the Curves

PARIS — Danielle Mitterrand was waiting; Grace Jones and Kenzo were chatting; Jean-Paul Gaultier was grinning; Patrick Kelly was laughing. And Azzedine Alaia? He was out back ironing.

When the king of the curves finally sent out his collection — an hour and a half late and five weeks after the rest of the Paris designers — it was to tears and cheers from the faithful, not least the models who went up on the balcony of the

glass factory turned showroom, to cheer their darling designer. Alaia is faithful in his fashion. He sticks limpet tight to the female form and to his sexist silhouette. But it is all done with a whimsical charm that gives the designer a special

fashion following on both sides of the Atlantic. Jacqueline Schnabel, whose painter husband, Julian, has a cult following of his own, flew to Paris to view the collection that she will sell in the Alaia boutique she has

set up in downtown Manhattan. The bosom is the focus for Alaia's spring/summer show. He showed skinny, clingy dresses sliced into a low V at the neck or

length and ridiculous in profile. Far more successful were long coats, swirling out over pants — one of the few times Alaia showed pants, which were the finchpin of other Paris collections.

SUZY MENKES



Remaining faithful to the female form, Azzedine Alaia's dresses stress the bosom; backstage, the designer presses the product.

full-skirted sundresses perilously suspended from bra tops. Typical Alaia touches were vest dresses slung from double straps and shapely punched suede jackets over stretch dresses. He also has a special spectrum of colors: apple green, mustard yellow, eggplant and a tasty crushed raspberry.

The show worked best when Alaia did what he likes best: stroking fabrics across the body for strip separates or using fine knit for short playsets that looked fresh, summery and sporty.

A new long line, stretching tubular dresses down to mid-calf, was very unconvincing — awkward in

length and ridiculous in profile. Far more successful were long coats, swirling out over pants — one of the few times Alaia showed pants, which were the finchpin of other Paris collections.

Alaia made transparency — a general Paris story — an important theme. Almost everything came see-through: airy mesh coats, short and longer dresses in gossamer fine knit. All these were worn over the Alaia body suit, which now has longer legs cut into shorts instead of being sliced away at the thigh.

Bodies bared one shoulder and showed a lot of bosom through the lacy cobwebs. There was a whiff of Greece in the one-shoulder dresses, full-skirted nymph tunics and in embroidered hemlines.

Evening outfits were pert and sexy, with crochet minishirts echoing the 1960s and an adorable top and skirt worked in strings of pearls à la Josephine Baker.

But in a fashion world too often fixated on the past, Alaia is always modern. If his stretch and cling line sometimes looked familiar, it is because he gave it to the rest of the fashion world.

Celebrations And Rumors At Chaumet

PARIS — Place Vendôme — the womb of French high jewelry — holds a seasonal celebration Tuesday, with the square grassed over, imported trees sparkling with snowflakes and diamonds by the dozen.

Behind its festive facade Chaumet, once a princely jeweler in the square, is the subject of new rumors. The firm collapsed 18 months ago when the brothers Jacques and Pierre Chaumet — sixth generation of a family that once served Napoleon and Queen Victoria — fled for bankruptcy and were arrested. The firm was sold in 1987 to Investcorp, the Arabian Investment Banking Corp.

Chaumet has since launched two new lines, and a second Paris boutique opens on Avenue George V next week. The managing director, Jean Bergeron, is looking for further investment and the luxury goods conglomerate Louis Vuitton has been suggested.

"But this is just a false rumor," said Vuitton's president, Henry Racamier, Monday. "There was a time back in early 1986, when we were very interested, but not now. We know the conditions and how much is involved and we are not in that league. We have just bought couture Givenchy and we have a lot of things to do for ourselves."

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The 'Universal' Photos of Boubat



Boubat's best-known photo of his muse, Lella.



Finding the "joy of the unexpected" in a market in Cahors.

By Susannah Patton

PARIS — Edouard Boubat calls himself a "universal" photographer. At 65, he has journeyed widely as a photojournalist, yet is as renowned for his photographs of commonplace scenes in his native Paris as for those documenting life in foreign lands.

In May, Boubat was awarded the Hasselblad prize for photography, an honor he shares with such masters as Ansel Adams, Irving Penn and Henri Cartier-Bresson. Having just returned from accepting the prize in Sweden, he says, "the joy of winning the prize is double because it was totally unexpected." (Some of his photographs also were featured in the recent Rapho agency exhibition at the Pompidou Center.)

Boubat expresses this "joy in the unexpected" in his photographs. He is able to capture people and scenes at their most natural and spontaneous, whether his subject is a young woman carrying a fish on her head in Ghana or an old woman resting with a goose on her lap in a market in Cahors in Southwestern France.

In his cluttered Parisian apartment, Boubat speaks of his life and of his work, which he says are "inseparable." The sunlit front room is filled with remnants of past sojourns and numerous photographs. Noël, his cat who gained fame in "Partition," a portrait in which the feline peers over a musical score, lies sleepily in the corner.

"I owe everything to photography," says Boubat. At 20, Boubat was a student at the Ecole Estienne in Paris, where he studied graphic arts and engraving. Although he never studied photography, he was drawn to the profession by the prospect of adventure and by the mysterious quality of the photographic process. He began to take pictures of his sister's friends, among them Lella, who would become the subject of perhaps his best-known photograph.

"Lella," a portrait taken on a boat in Brittany, portrays the woman's profile illuminated against a dark background, where the face of another woman is barely visible. Lella, her face and torso turned diagonally, as she gazes into an unknown distance, in gauze blouse and black bralette, has become a symbol of sensuality and beauty.

Boubat and Lella lived together for two years in Montmartre, sharing four rooms with Séguis, another woman whose dark and mysterious face often appears, with beguiling smile, alongside Lella, adding intrigue to the photographs.

A book of portraits of Lella was published in 1987. A collection of 37 photographs taken between 1945 and 1950 in Paris and Brittany, this short book captures the poetic spirit of adventure that Boubat, Lella and Séguis shared during

their Parisian wanderings and during trips to the Brittany coast. Above all the photos describe, in Boubat's words, "a love story" between the photographer and his muse.

In 1951, Boubat was invited to show his pictures, along with Robert Doisneau, Brassai and Lis, at the gallery of the La Hune bookstore. This led to assignments for the magazine Réalités and eventually to a staff position for 20 years.

"I have photographed what is close and also what is very distant," says Boubat, "but even strangers can become close." In one picture a woman stares into the distance standing on a New York subway car. In another an Indian woman stands on the beach holding a child and looking out to sea.

Like Doisneau and Willy Ronis, who set out in postwar France to celebrate simple scenes and people and to discover the poetic in the average, Boubat is concerned with expressing the most basic aspects of human existence. In the years following the liberation of Paris these young photographers celebrated their city and its people.

"It's finished, this era," says Boubat. "But I will continue." "I won't cry over the end of the 1950s," he adds. "I think it is the duty of artists to continue to the end. My life didn't stop there."

Since the early 1970s, Boubat has been represented by the Rapho agency, founded in 1933 by Charles Rado and reopened after the war by Raymond Grosset. Described by Boubat as "a kind of family," Rapho is also the agency of Doisneau and Ronis.

Expressing enthusiasm for the work of American photographers, Boubat notably speaks of Eugene Smith. "I received a phone call one day and was told that Smith was in Paris for a short time and that I was the only person he wanted to see," he recalls.

"Photography is a worldwide movement," says Boubat. "Our work travels by postcard, by book or by exhibition. Perhaps in America people are more apt to recognize photography as an art form."

An updated version of the book, "Boubat," published by Contrejour Editions, is due to appear this month. "I have always been lucky enough to have been slightly well known," he says.

Boubat insists that the secret of his art lies in the subtlety of "suggestion" and in his desire "not to do too much." But Boubat has not left everything to circumstance. "We must be a little crazy," he says. "We must invent our own lives." His own energy and enthusiasm propel him through life, meeting people and taking pictures all along the way.

"I'm lucky to do what I like," says Boubat, laughing. "But in truth," he adds, "I don't know how to do anything else."

U.S. Treasure Hunt Sparks Debate

By Susan Diesenhouse

New York Times Service

WELLFLEET, Massachusetts — Off the shores of Cape Cod, researchers and treasure hunters are digging up relics from a pirate ship, the Whydah, that may shed light on 18th-century seafaring outlaws. But the salvage team, which is licensed and supervised by government agencies, has had trouble getting respect for one reason: The operation is for profit.

"Professional archaeology and commercial exploitation are irreconcilable," said Paul F. Johnston, curator of Maritime History at the Peabody Museum in Salem.

Johnston is the chairman of the Society for Historical Archaeology's Advisory Board for Underwater Archaeology. The society is sponsor of a rare meeting in January of archaeology groups. The organizers have refused to allow presentation of a paper from the archaeologist directing the excavation. "It certainly is a shock to be snubbed by colleagues," said Christopher E. Hamilton, the Whydah project's principal archaeologist.

That the Whydah is a commercial venture should be unimportant, said James W. Bradley, a member of the Massachusetts Board for Underwater Archaeological Resources, which is monitoring the excavation.

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Advertisement for the Florida Lottery with the headline 'WIN \$55,000,000 That's Fifty-Five Million U.S. Dollars!'. Includes details about the Lotto 6/49 game and a form to play.

Form for playing the Florida Lottery, including a grid for selecting numbers (1-49) and a section for choosing a plan (1, 2, 4, or 6 games).



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SHARJAH

Following the cease-fire between Iran and Iraq, Sharjah is emerging with new-found confidence as it prepares for more industrial diversification and a dramatic increase in its tourist industry. It is one of the richest Gulf emirates in natural resources and scenery. No wonder it is known as the "emirate with a smile."

Diversification and New Investments

ALONG the Corniche and in Al Boorj Avenue, Sharjah's mini-Wall Street, there is growing activity. The business offices and banking halls are coming alive again. The number of passengers using the airport has risen dramatically by more than 80 percent, the ports of Mina Khalid and Khor Fakkan are working almost non-stop, and the luxury hotels are filling up as businessmen and tourists alike return to Sharjah, the third largest of the United Arab Emirates (UAE).

Considerable new investment is flowing into the emirate. It has just started its own television service, and recent international cricket matches have made Sharjah a household name in sporting circles. Now Sharjah is bracing itself for the biggest tourism boom in UAE history, as European tour operators take block bookings in the luxury hotels on the seafloor and on the Arabian Sea at Khor Fakkan.

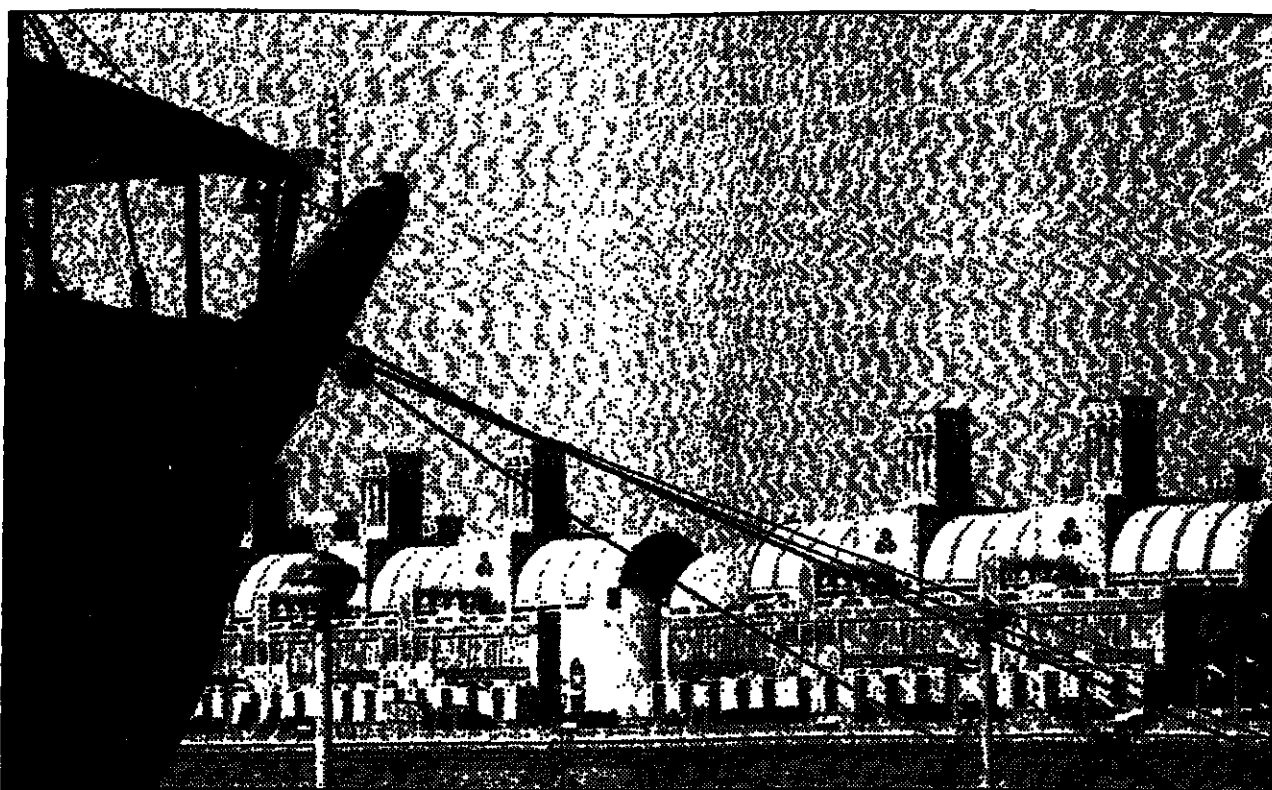
Sharjah, perhaps one of the more familiar Middle East names to Western ears because of its pioneering role as a major transit airfield in the 1930s and again in World War II, is an ancient maritime city that harmoniously blends the old and the new. Sharjah traders in their dhows used to ply their goods throughout the Gulf and farther afield to the Indian subcontinent.

Today, the creek flowing through Sharjah City to form a natural harbor on the Gulf, once in danger of silting up, has been dredged and turned into a modern port with the latest container handling facilities. It also serves as an important base for the offshore oil services industry. Part of the creek has been converted into a pleasure lake, the Khalid Lagoon, with a tree and shrub-covered park on Al Jazira Island. Traffic circles covered with flowers and palms bring havens of greenery to the city with its magnificent Central Souk to which tourists flock from all over the UAE. One such traffic island carries the legend in flowers: "Smile, you are in Sharjah." Nothing could be nearer the truth today.

"Yes, Sharjah is flourishing," says Sheikh Mohammed al-Hajiri, director of tourism and of civil aviation. By Costa del Sol or Turkish standards the visitor trade is relatively tiny, but the prospects are significant for Gulf emirates like Sharjah. "We expect at least 15,000 tourists in Sharjah alone," says Sheikh Mohammed.

"Now that the cease-fire has taken effect we can already see a change in attitude by Europeans who believed we were in the middle of a war zone. Nothing could have been farther from the truth, but the image in Europe and other parts of the world was that we were always in trouble in Sharjah. It was never the case and people are beginning to realize it at last," he adds. "Already we are at the beginning of a boom period. I am sure about that. People are more relaxed, there is more business coming, more investment — and, of course, more tourists."

Unlike much of the UAE, Sharjah is fortunate in having extensive beach facilities and most of its hotels are on waterfront sites. Some are on the edge of the lagoon, others directly facing the sea. Some distance from the other hotels is



Sharjah's Souk, a striking building thronged with shoppers every evening.

the magnificent pyramid-like Continental, dominating one of the entrances to the creek. It has its own splendid beach. On the east coast at Khor Fakkan is the now flourishing Oceanic Hotel with some of the best underwater swimming opportunities in Arabia.

Within an hour's drive of Sharjah city is a variety of scenery, from towering desert sand dunes and fossilized forests, to rich alluvial plains green with cultivation and high rugged mountains scorched dry by the sun. There are old forts, some built by Portuguese and British invaders, an ancient mud-brick city now deserted and preserved, and small, traditional Arab villages still unspoiled by many of the trappings of the 20th century. For the visitor it all presents a new scene, a taste of what everyone in Sharjah likes to call "the Arabian experience."

But there is much more to Sharjah than just tourism, although leisure activities, which include camel racing and world-class cricket, are high on the list of attractions.

Investors are also playing the field and the economy is picking up again after the oil price recession. The economy, as one Western banker points out, "is pretty small, so it is much easier to balance the books." Sharjah relies largely on its revenues from the oil and gas industry, and in particular from the sale of condensate from the Sajaa Field and oil from the Mubarak offshore field near Abu Musa Island.

As production of condensate is not limited by OPEC restrictions, Sharjah should have been able to maximize its revenues. However, there have been some local difficulties over payments to Amoco, the joint-venture operator, from the UAE's Emirates General Petroleum Company (EGPC), its main customer. About 80 percent of the emirate's revenue is derived from oil and gas and total government revenue from these sources is expected to reach about \$250 million

this year. The United States is the biggest purchaser of condensate, to the tune of about \$175 million a year.

Under the perceptive leadership of Sharjah's ruler Dr. Sultan Bin Mohamed al Qasimi and the executive council formed last year, continued attention is being given to the long-term economic development plan.

The Emirates Industrial Bank's latest study shows that the largest proportion (30 percent) of all new commercial investment in the UAE has been going to Sharjah. Diversification of the economy, as in other Gulf countries, is the guiding factor. Nowhere is this more true than in Sharjah. In just one example of enterprise, its merchants export and have furniture showrooms in New York and London. Almost every heavy-duty plastic sack used in Arabia is made by Sadco, a Sharjah company. Other consumer items and foods are exported throughout the Gulf as the "Made in Sharjah" label gains a higher profile. Recycling waste metal and scrap is also becoming big business for the emirate.

Commenting on the investment climate, Sheikh Mohamed Bin Salim al Qasimi, president of the Chamber of Commerce and Industry, says there has been an 80-percent increase in the number of companies applying for licenses.

"There is considerable diversification taking place, too. We are getting all kinds of activities from both big and small companies, small trading offices and many consultants — lawyers and engineers. We have a lot more investment moving in," adds Sheikh Mohamed.

Also under active consideration is a plan to create a new idea in free zones in the Gulf. The whole emirate is soon to be designated a free zone and will offer a complete package of attractive incentives for new investors. "We will offer the

Emirate to Be a Free Zone

MORE companies than ever before are moving into Sharjah, according to Sheikh Mohamed Bin Sultan Sulman al Qasimi, president of the Chamber of Commerce and Industry. "We have had an 80 percent increase in the number of applications for new licenses this year," he added. This reflects the fact that between 30 and 40 percent of all new investment in the UAE in the last year has been in Sharjah, which probably has the most diversified local manufacturing base in the Gulf.

In July the Chamber listed 234 new companies, of which 133 were professional firms (lawyers, consultants); 96, trade and commerce; and five, new industrial ventures. This was 27 percent more than in the same month last year. The overall increase for the first half of this year has been nearly 29 percent. Exports and re-exports from the emirate increased by 65 percent during July.

Recent start-ups have included a joint Japanese DH 22 million (\$2 million) paper processing plant, a DH 10 million iron and steel recycling works and a DH 18 million Heinz packaging and food processing factory.

Now the main issue discussed on Boorj Avenue, the principal business street, is how Sharjah can best prepare itself to meet opportunities arising from the cease-fire between Iraq and Iran. The general feeling is that there will be a gradual increase in activity rather than a sudden boom.

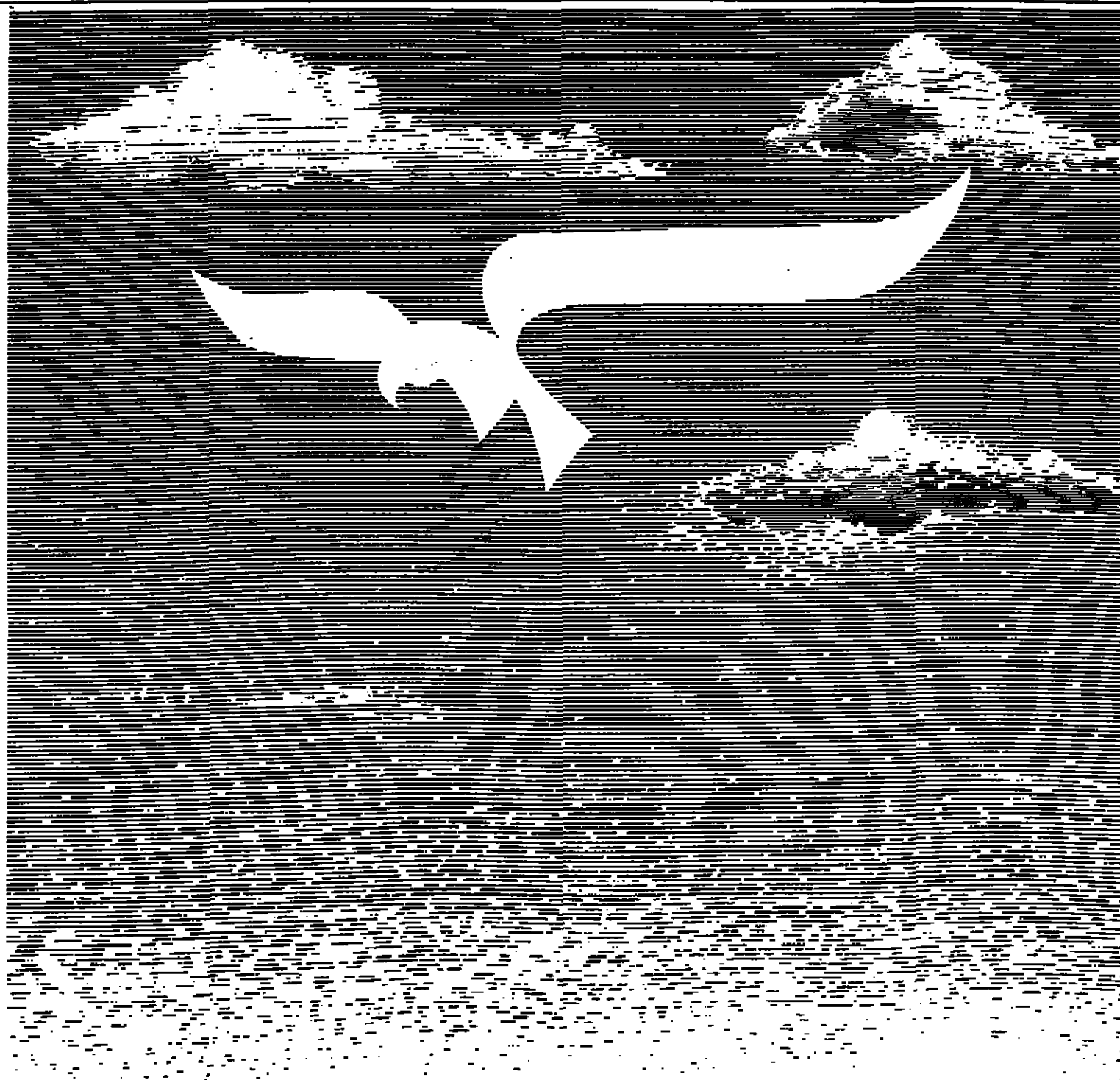
In any case, Sharjah is determined to get a large share of the estimated \$300 billion worth of construction and reconstruction which will take place in the two war-stricken countries. The main opportunity, according to the Chamber of Commerce, is probably supplying all kinds of building materials and consumer goods. It also sees golden opportunities for local and joint-venture construction companies. As one of the Gulf ports closest to Iran, Sharjah has considerable advantages to exploit.

"The needs of building and reconstruction industries in both countries will vary according to each stage. First, they will need building materials, spare parts, foodstuffs, textiles, grains and sugar. Secondly, they will need industrial raw materials, sanitary equipment, furniture and furnishings, electrical appliances, household tools and, later, other consumer goods," states the Chamber.

Those coming into Sharjah are likely to benefit from the substantial new incentives currently being proposed to the government by the Chamber of Commerce. With the already liberal attitude that prevails in the emirate toward new business, Sheikh Mohamed can see little point in creating the kind of free zone, or free port, adopted by other authorities in the region. "We have no need for the conventional free zone idea. We are going to become one big 'free zone' by changing the legislation throughout the emirate," he explains.

Continued on page 10

Continued on page 11



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Deep-Water Ports Increasingly Busy

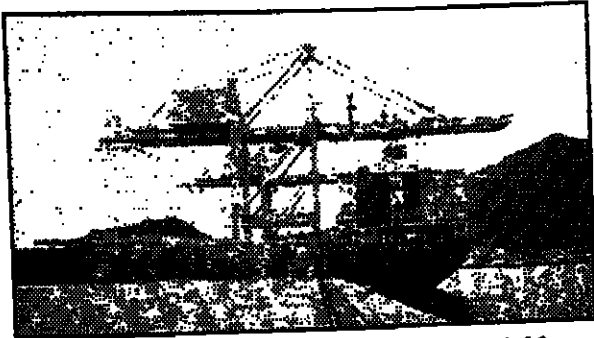
NEW developments in container ships may herald increased activity for Sharjah Ports Authority, which operates two deep-water ports — Mina Khalid on the west coast and Khor Fakkan on the Arabian Sea. Sharjah is the only emirate to have a port on both sides of the peninsula, which gives it a strategic advantage over other Gulf states, as the war between Iran and Iraq showed. Now it hopes to capitalize on the fact that various lines began to use Khor Fakkan during the war to avoid high-risk areas, and learned that cargoes unloaded at Khor Fakkan could be trucked to anywhere within the United Arab Emirates and also farther afield.

Sharjahport officials claim that Khor Fakkan will

tinue to develop as a vital feeder station for the Indian subcontinent and the Gulf. Shipping lines are now ordering the next generation of container ships to carry

nominal proposition, as a seven-day voyage up to the north of the Gulf would add up to \$175,000. But a small feeder service operating in the Gulf, picking up con-

tainer terminals. But this does not mean that Mina Khalid is going to diminish in importance. One of its chief advantages is that it is "the port within the city" and local merchants can receive their goods literally minutes after customs clearance. This is particularly important for the "reefer" (chilled or refrigerated goods) trade. Another of Sharjahport's strengths is the highly efficient documentation and container tracking system between the two ports. Cargo offloaded at Khor Fakkan can be trucked to Sharjah still in bond.



Unloading a West German ship at Sharjah's east coast port in Khor Fakkan.

tainers from Khor Fakkan, makes sense. Costs would drop dramatically.

It is still too early to judge the effect of the ceasefire on shipping movements. In 1987 Khor Fakkan handled 61,219 TEUs (20-foot-equivalent units) but by the end of June this year it had already exceeded that number by 7,000 TEUs, more than half of which were for transshipment. Principal lines calling at Khor Fakkan include DSR, Polish Ocean, GIL, Senator and CSE.

"We think that the future trend will show an increase in container handling on the east coast," comments Mike Todd of Gulf-Tanker, the company which operates Sharjahport's con-

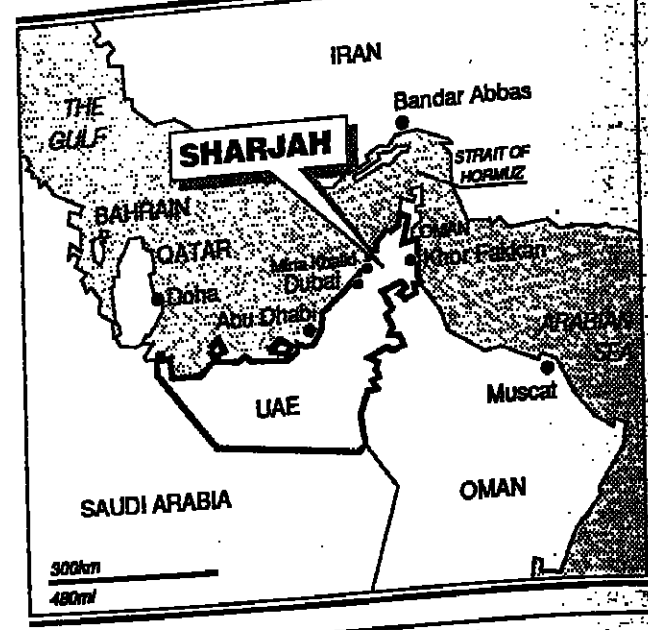
tinued to take advantage of the growing demand. Last year the airport handled nearly 20,000 tons of cargo, boosted by the sea-air element, and a 50 percent increase is anticipated this year.

"Sea-air cargo is definitely one of the big things now," says Mr. Todd, "and a lot of people are making money out of it. By using Khor Fakkan we can get containers trucked within two hours to any airport in the UAE except Abu Dhabi." Mina Khalid has gained an enviable reputation for its lack of red tape and the efficient handling of all its port operations. "There is no hassle; we are here to help," comments Sheikh Saud Smit Tak Offshore, the world's largest ocean towage and salvage company which operates 11 vessels out of the port, finds lack of congestion a priority factor. "We have been made very welcome here," comments one of their senior managers. Major container lines using Mina Khalid include the Oasis group Maersk, Norasia and four Japanese lines (NYK, MOL, K Line and Y-S Line). General cargo carriers include Castle and Cooke, West Reefer, Fruitex and UASC.

The port handled 38,460 TEU containers in the first eight months of this year compared to 70,328 last year. Nearly 600 vessels called at the port during the same period, 184 general cargo

vessels and 72 container ships. The port has the capacity to accept 250,000 TEU containers a year.

Two passenger ferries to and from Iran, carrying about 5,000 passengers per week, also operate from the port. There has been an increase in general cargo from Iran, mainly fruit, vegetables and sesame seeds. Sharjahport, like every other port in the Gulf, is waiting to see indicators of the long-term outcome of the ceasefire. "But we are quite sure we shall benefit in some way," comments the management. L.V.

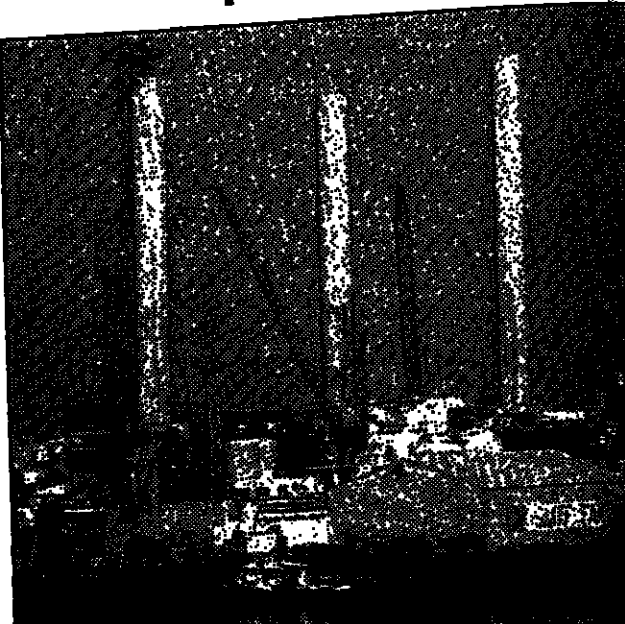


Gas, Lube Oil Top Exports

SHARJAH'S most significant hydrocarbon resource is the Sajaa gas condensate field which is about 23 miles inland from the town. This has been developed by the Amoco Sharjah Oil Company, which was awarded a 35-year concession in November, 1978. The first commercially viable gas condensate reservoir was discovered in 1980; since then more than 16 other wells have been drilled and are connected to the separation plant.

The first shipments of condensate were made in 1982 from the small harbor at Hamriyah, which has special storage and loading facilities. Hamriyah is connected to the gas processing plant by a 16-mile pipeline, and an eight-mile underwater extension provides additional loading capacity in deepwater for tankers up to 250,000 tons. Production of condensate now exceeds 60,000 barrels a day. An LPG (liquefied petroleum gas) recovery plant was built in 1983 after a joint venture company, SHALCO, was formed between the government, Amoco, C. Itoh and Tokyo Boeki. The plant went into full production just over a year ago.

Amoco Sharjah's main paying gas customer is Dubai, which uses the fuel for



Smit Tak, major users of Mina Khalid port.

its power stations and desalination plants. Revenue from this sale is about \$38 million a year and is expected to double as production increases in 1989. However, Amoco Sharjah has been less fortunate with its substantial gas sales to Emirates General Petroleum Company (EGPC), from which it is still trying to recover \$600 million in back payments.

Another Sharjah export success is lube oil and related products, sold throughout the UAE, the GCC countries and other neighboring states. Sharjah National Lube Oil Co. (built in

1976) was the first oil blending plant in the UAE.

Falcon Oil Co., established in 1979, markets a comprehensive range of products for automotive, marine and industrial use. It was the first company in the UAE to use branded lubricants (Falcon Super Lubricants) and is now introducing a new high-performance diesel engine oil. All oils and lubricants undergo strict quality controls. Shadi, a GCC company, is an independent blender and takes on contract work for customers with particular needs. L.V.

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 ■ Complete Building Maintenance, Mechanical and Electrical Contracting
 ■ Suppliers of world renowned Lighting and Electrical Equipment (FRANKLITE, MOORLITE, W.J. FURSE, MARLIN, LINOLITE, ABACUS, HOLOPHANE, FLUOREL ETC.)

LEISURE DIVISION
 ■ Owners and operators of EXPO CENTRE, The No.1 Exhibition Centre of the Gulf, and
 ■ The 5-star OCEANIC Hotel located in the scenic beach resort of Khorfakkan, Sharjah.

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 ■ Leading brands of Electronics and Home Appliances (AKAI, CASIOTONE, HOTPOINT, INDESIT, SINGER, WESTPOINT, NORDMENDE ETC.)

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Banking Sector Invests in Future

EVEN before the Iraq cease-fire there were positive signs of improvement in the overall economy. As Gordon Abernethy, chief executive and general manager of the National Bank of Sharjah, points out: "Trading activities have been picking up since the beginning of the year."

The traditional Gulf merchants had found they were losing out on their trade, particularly with Iran, because both Iran and Iraq had been meeting their needs by importing goods overland through Turkey and the Eastern bloc. "But we expect there will be a return to old friends once things have settled down," comments Mr. Abernethy. There are signs that this is happening. Business activity has been picking up and the banks are looking for new roles to play both in trade finance across the Gulf and in the reconstruction industry.

Sharjah, although dependent on revenues from its hydrocarbon resources for 80 percent of its income, has made positive attempts to reschedule its outstanding debts of approximately \$1.1 billion. Of this amount, \$239 million is syndicated international debt and the remainder is due mainly to local bank debt including \$200 million previously serviced by Abu Dhabi. Following discussions between the National Bank and the government, a new rescheduling plan has been worked out which involves paying off some 230 million this year and slightly more each year until 1992.

With judicious pruning of some infrastructure pro-

jects and greater involvement of the private sector in financing construction, most economists believe that Sharjah is now plotting a safe course for economic growth.

Sharjah's main problem is delayed payments for gas sales to Emirates General Petroleum Company (EGPC), a UAE federal agency. Sharjah sources report that the first major payment of \$380 million, a little more than half the total owed, may be forthcoming. "If that really happens it will have a terrific impact on the economy," comments Mr. Abernethy.

Sharjah is fortunate in having gas condensate as one of its resources. This commands a premium and its production does not fall within an OPEC constraint. Just one more dollar on the market price would mean an extra \$13 million a year on projected revenues from condensate sales.

It also sells gas to Dubai and revenues this year are expected to bring in at least \$38 million, with another \$150 million to \$175 million from the sale of condensates (the United States is the largest buyer), which would bring total revenue for the year to at least \$250 million.

Last year the National Bank made a profit of DH 22 billion (almost \$7 billion), a satisfactory performance that is likely to continue as the economy picks up again. Most bankers and businessmen are optimistic. Abdulrahman Mohamed Bulkatir, chairman of Bukhatir Investments in Sharjah and one of its most prominent citizens, says: "I don't think we have any great

problems now. I can see a very positive future and there is a lot more purchasing power here, too."

Many of the local banks, leading business houses and the Chamber of Commerce are located on Al-Boorj Avenue — the Wall Street of Sharjah. Among other local banks are the Bank of Sharjah and Invest Bank of Trade and Finance LLC. The oldest foreign bank is the British Bank of the Middle East. L.V.

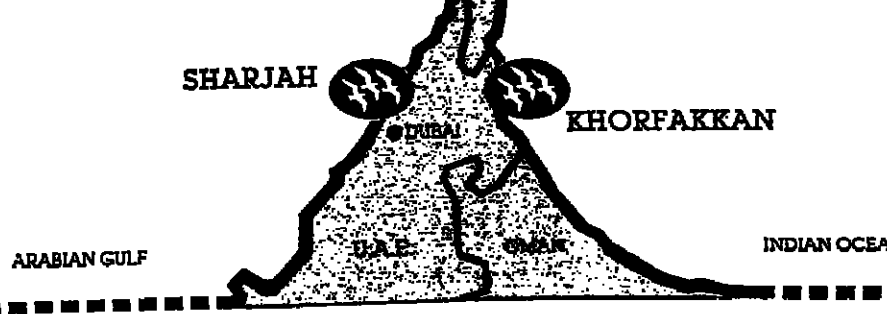
Invest

Continued from page 9
 cheapest rates anywhere in the UAE," says Sheikh Mohamed. "Who needs a 'free zone' when our whole emirate can become a 'free zone' in itself?"

One of the emirate's showpieces is the great Expo Center, an exhibition hall which stages some of the biggest trade and consumer-

oriented shows in the Gulf. At the end of November it staged Expo '88, the main event of the year, with 33 companies coming in from all over the Arab world and Europe. With its liberal attitude to development and a brighter economic future ahead, and with its cicker, souks, ports, gas and oil, tourists and even furniture in Manharatan, no wonder residents urge you to "Smile, you are in Sharjah." Lee Voysey

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مركز الأعمال

ADVERTISING SECTION

ADVERTISING SECTION

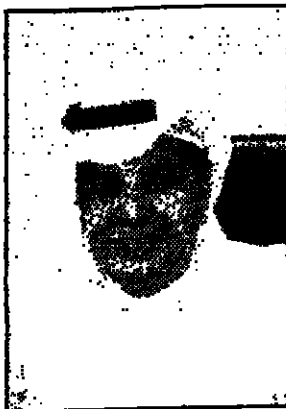
Airport One of Middle East's Busiest

TRADITIONALLY Sharjah has played a vital role in aviation history as the most important staging post on the long-haul routes between Europe and the Far East. Today, with some 35 airlines using the airport regularly, it is probably the busiest little airport in the Middle

East and the main one for charter flights. One of Europe's biggest charter operators, Condor, has 18 flights alone calling at Sharjah each week. Other non-scheduled charterers include Sterling Airways, Bal Air, Balkan Air, LTU and TMA (freight). Next month Austrian Airways will join the growing list of airlines serving Sharjah which has now become an established tourist gateway to the Gulf area. Two of the biggest users are Gulf Air and China Airways. Immigration procedures

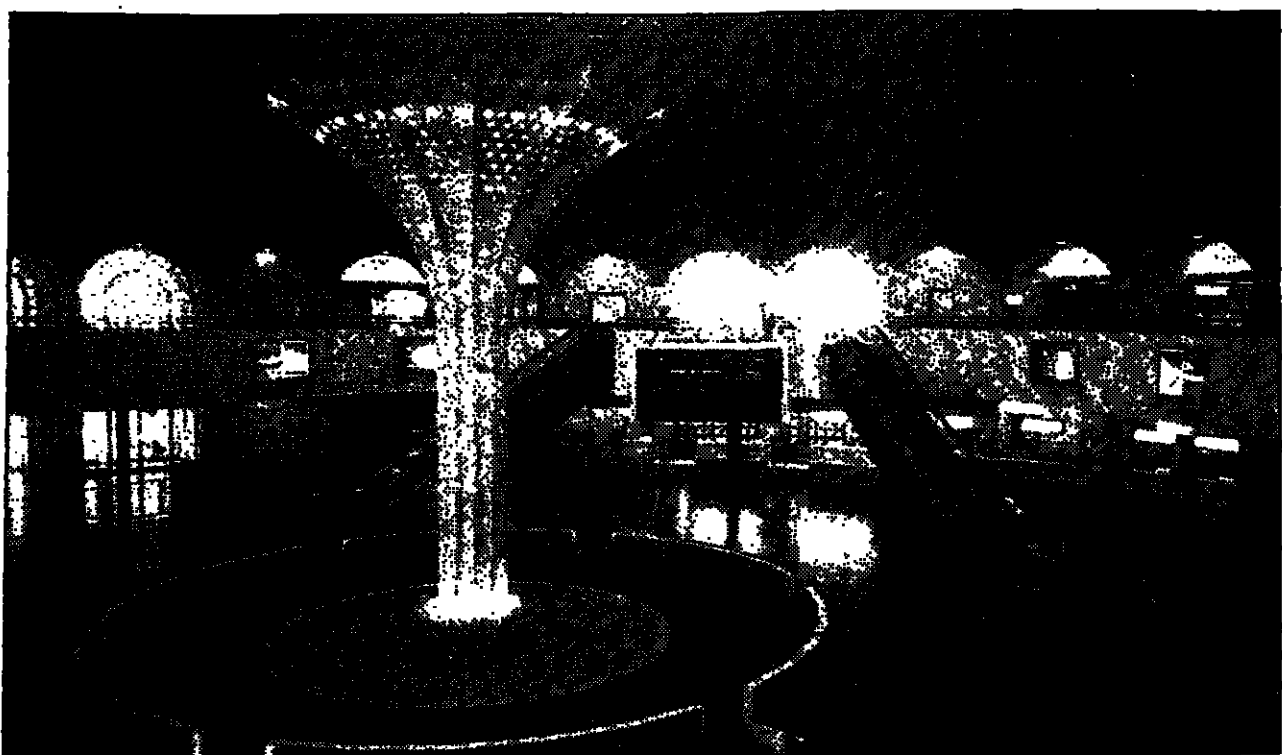
for tourists are the simplest and fastest anywhere in the region and have been streamlined to meet the growing volume of traffic. An added attraction has been the opening earlier this year of the new duty free shopping complex at the airport operated by Tuxedo (Sharjah) Ltd., a member of

movements in 1987 and by the first half of this year had already increased by 28 percent to 6,792. But the biggest increase in the first six months of the year has been that of passenger traffic, which has soared by 87 percent to 593,153. Similarly, there has been a substantial rise — 44 percent — in the



Sheikh Mohammed Al-Hajiri, director of Civil Aviation and of Tourism, Sharjah.

Khor Fakkan on the Arabian Sea has boosted the growth of sea-air freight. VIP air cargo can be offloaded and trucked to the airport within 90 minutes. In 1986 the airport handled only 1.6 million kilograms (almost 4 million pounds) of sea-air freight. This figure rose to more than 1 million kilograms in the first six months of this year. One of Sharjah's specialty cargoes is livestock, usually valuable racehorses, for which special ramps and stalls have been built. One of the busiest freight users is TMA (Trans-Mediterranean Airways), which has more than 80 flights a week. Other big users include Martinair, Flying Tigers and HeavyLift Cargo.



Sharjah International Airport.

As well as adding new facilities for passengers, the airport is also making substantial improvements to its aircraft handling and monitoring systems. All the latest technology is being used.

Since the airport opened in 1977 there has been a steady growth in traffic but the figures this year indicate major new trends, partly as a result of the cease-fire between Iran and Iraq, which is boosting tourist traffic as well as attracting businessmen seeking new opportunities for investment and trade in the area.

The new shops will provide a much-needed facility for the 382,000 transit passengers who use the airport each year and will also bring in revenue for the government. Last year the airport handled a total of 709,906 passengers compared to 633,253 in 1986, an increase of over 100,000 from 1985. Total number of flights handled in 1987 was 12,125 compared to 9,671 the year before.

Scheduled and charter flights accounted for 5,306

The main airport terminal, with four dome-shaped

ing our maximum capacity during our very busy periods."

Already a number of improvements have been added to the original airport: new parking aprons, refueling points and a cargo terminal. There are now two cargo terminals with four separate bays capable of taking four B747s simultaneously. The two terminals have a total floor space of 7,400 square meters (around 80,000 square feet).

The increased use of Sharjah's east coast port at

Duty Free Shop Is Airport Oasis

A NEW duty free shopping complex was opened last September in Sharjah's increasingly busy international airport, now one of the main tourist gateways to the United Arab Emirates. It joins the growing number of airport duty free shops in the region that offer an entirely new concept in air passenger services.

Sharjah, with its slogan "The world's only duty free oasis," is semi-circular and covered by a bedouin canvas tent, highly popular with the 3,000 passengers who use the airport daily. The complex is being managed by a local company, Tuxedo (Sharjah) Ltd., a subsidiary of the well-established Swiss duty free operators Weinauer. A Swiss architectural student, Marco Zund, created a circular design for the 1,200-square-meter (12,900-square-foot) complex, with room for further expansion. The brief for the design was

that it had to reflect the Islamic tradition and be uncluttered and "memorable" from a passenger's point of view. The designer came up with a "floating" tent roof under which are placed the various counters against the outside wall of the main passenger terminal dome. The effect is "cool," and passengers can move freely about the displays and counters.

A specially chosen staff of 56, almost entirely Filipinos, has been trained by Weinauer. "We pride ourselves on being service-oriented," says Salim V. Mohamed, assistant manager. "Also we have to make sure that we have the right balance between service and price. We want to make sure our customers are looked after when they come in here, especially those in transit as they don't have very much time, usually only just over half an hour."

There are seven main

counters with electronics, cameras, leather goods, cosmetics, perfumes, jewelry and watches. There is also an open area for tobacco and cigarettes. The shop currently stocks around 3,500 different items. The most popular lines at present are cigarettes and tobacco, electronics, jewelry and perfumes.

"At present we are still finding our way and trying to develop the needs of our customers," says Mr. Salim, adding that the average European spends about \$7. Purchasing habits vary enormously. For the many Chinese passengers (it is China Airlines' main transit stop between Europe and the Far East), electronics and gold are the most popular items. "For the Chinese returning home, Sharjah is the last 'Western' stop and they like to buy a lot of gold here," adds Mr. Salim.

Gold is one of the best buys as there is only an average ten percent markup on the gold trading price, and all major credit and charge cards are accepted. So far sales results have exceeded expectations and Tuxedo's management is already considering expanding the sales area by late 1989.

L.V.

Free Zone

Continued from page 9

Radical changes planned, include:

- 100 percent full ownership;
- no taxes;
- no limit on repatriation of profits;
- 70 percent subsidy for utility supplies;
- nominal land lease charges;
- new relaxed sponsorship regulations;
- lower labor rates;
- minimum red tape;

project license approval in ten days.

"I think we can really offer incentives which cannot yet be matched by anyone else. And what is more, I think that as far as overall costs are concerned we are at least 35 percent cheaper than anywhere else in the UAE," says Sheikh Mohamed.

Sharjah's industrial sector has been developing rapidly, partly because of the facilities it offers for re-exports: twin ports and growing sea-air cargo activity. The most active sectors are garments and textiles, metal and wood

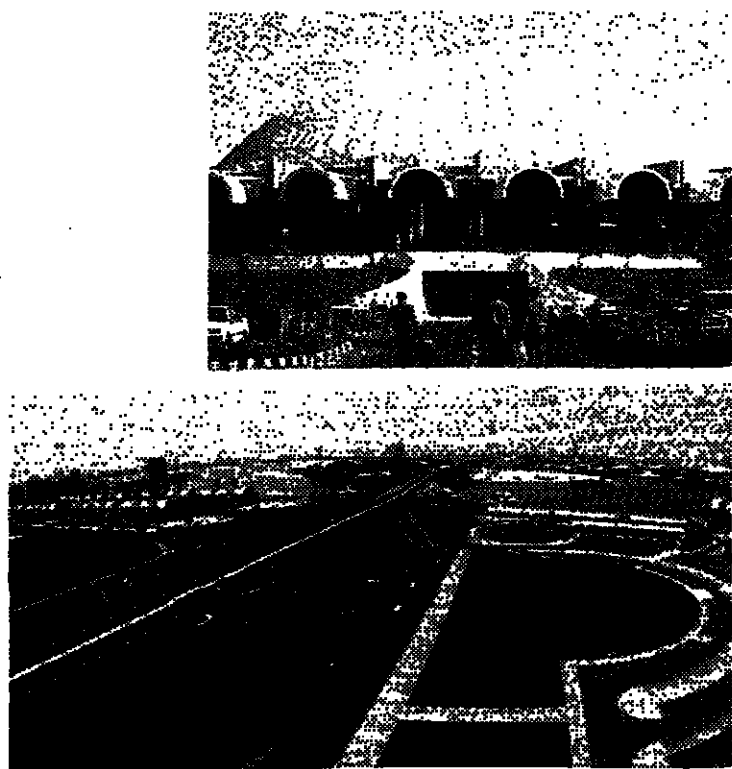


Sheikh Mohamed Salim Al Qasimi, president, Sharjah Chamber of Commerce and Industry.

industries, food processing and building materials. There are also many manufacturers of consumer and household goods, such as furniture. The best-known local manufacturer is Greenline.

L.V.

smile, you are in sharjah.



When you come to Sharjah, you'll discover that there's plenty to smile about...

Ahlan Wa Sahlan - Welcome

Arrive in style at the Sharjah International Airport. Designed in traditional Arabic style, the airport is considered to be among the most beautiful in the world. Everything is designed with passenger comfort in mind: streamlined airbridges, airconditioned lounges, 24-hour restaurants, an airport hotel, banking facilities, rent-a-car services... and express check-in.

The Holiday-Maker's Paradise

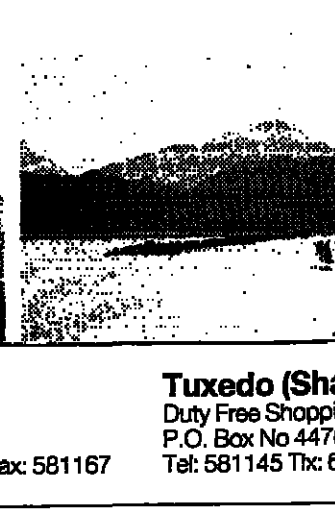
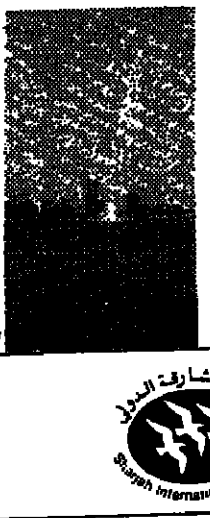
Miles and miles of sun-splashed beaches, lush green oases, rambling 'wadis', rugged mountainscape, date palm groves, picturesque souks, a blend of traditional and modern architecture and a warm and friendly people.

Here you can ski, surf, sail, swim or dive in the crystal clear waters.

Go on a desert safari and have a barbecue dinner in the dunes. Drive through the mountains and desert to explore sleepy villages, oases and waterfalls. Visit the camel market or watch a camel-race. Shop in the souks for exotic bargains. Sample traditional Arabic food aboard a dhow...

The World's Only Duty-Free Oasis

The best things in life are duty free at the airport's newly expanded duty free shopping complex — the world's only duty-free oasis — built like a traditional Arabic tent, with water cascading into a blue pool. The shops are placed in a semicircular open access fashion offering an amazing variety and quality of merchandise at prices that are simply irresistible. The Sharjah Duty Free Complex is operated by Tuxedo (Sharjah) Limited, part of the Weinauer Group based in Switzerland which runs over 50 duty-free outlets at 25 airports spread over four continents.



Sharjah International Airport
P.O. Box No. 8, Sharjah, U.A.E.
Tel: 581158/581111 Tlx: 68185 AIRPT EM Fax: 581167



Department of Tourism
Government of Sharjah
P.O. Box No. 8, Sharjah, U.A.E.
Tel: 581111 Tlx: 68185 AIRPT EM Fax: 581167

Tuxedo (Sharjah)
Duty Free Shopping Complex
P.O. Box No. 4478, Sharjah, U.A.E.
Tel: 581145 Tlx: 68745 SMILE EM

ADVERTISING SECTION

Open-Door Policy To Attract Tourists

THE tourists are coming, from Switzerland, Belgium, France, Austria and Britain. Sharjah has been "discovered" by the trailblazing tour operators — Imholz, DSR and Inspirations East — and has become one of

war has ended, the tourist business will boom, as will the rest of our trade here," comments Sheikh Mohammed. Last year, in spite of bad publicity about the war-torn Gulf, Sharjah attracted 4,500 visitors. Sharjah has now intro-

Arabian Sea, with a total bed capacity of 3,174. Some, like the Oceanic on the east coast, are full at peak holiday periods. A lot of credit for increased tourist activity goes to Sheikh Mohammed, who has worked tirelessly to promote the image of Shar-

ties, some of the best hotels and the opportunity for Europeans to see something of the Arab way of life," says Sheikh Mohammed.

One of the largest hotels is the pyramid-shaped Continental at the end of the corniche, the official hotel for guests and visitors attending the nearby Expo Center for national and international exhibitions. With the growing influx of tourists, business has been picking up this year. "We even have to turn people away now," says Mr. Jonathan Dale-Roberts, general manager, who is expecting substantial numbers of European tourists this winter.

Mr. Nawaz Qureshi, manager of the east coast Oceanic Hotel, has similarly high hopes. When he first took over at the hotel in the spring of 1986, hardly a single tourist came. "Last Christmas we were practically full," says Mr. Qureshi.

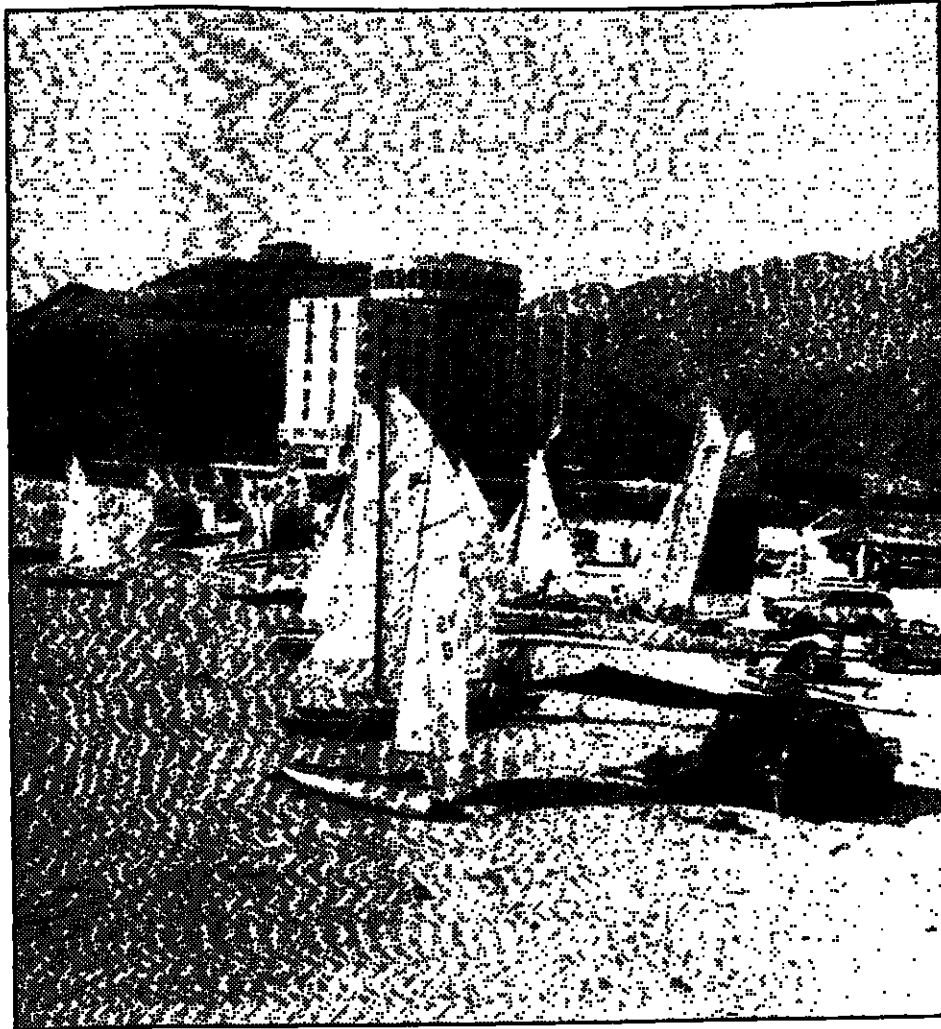
Miss Inger Rasmussen, Danish assistant general manager of Orient Tours, says there has been a very big increase in bookings for local tours. "We are expecting some 5,000 bookings already," she says.

The company has now invested in a fleet of four luxury coaches and four Toyota Land Cruisers for very popular desert safari excursions. "The tourists really come here because of our magnificent beaches and then for the shopping, which surprises many of them," says Miss Rasmussen.

One popular excursion in Sharjah is to visit one of the largest gold factories in the UAE, which employs 300 persons making a variety of gold jewelry.

"There is a definite future here for tourism," adds Miss Rasmussen.

L.V.



Beach at the Oceanic Hotel, Khor Fakkan.

the UAE gateways for tourism.

"Yes, we are expecting at least 15,000 tourists this year," says Sheikh Mohammed al-Hajiri, director of tourism, now confident that business will take off following the Gulf cease-fire. "There is a much better atmosphere here in Sharjah and throughout the United Arab Emirates. Since the

duced the UAE's simplest immigration procedures: no forms or cards are necessary. The tour operator or airline merely has to let the airport authorities know who is coming and when, giving only basic passport details. No other documentation is involved.

There are ten leading hotels in the emirate, including one at Khor Fakkan on the

jah as the best Arabian resort for tourists.

He and the Sharjah Chamber of Commerce and Industry are now considering establishing a joint tourist development company with Fujairah, another small emirate on the east coast, to promote tourist attractions.

"I think we have so much to offer tourists — fine beaches, excellent shopping facili-



Khor Fakkan's Al-Badiyah Mosque, one of the oldest buildings of its kind in the Gulf.

Cosmopolitan Culture in A Spectacular Landscape

SHARJAH is probably the most cosmopolitan city on the northern Gulf coastline. It certainly has style and elegance, wide boulevards, a winding corniche, lakes and parks which set it apart from most other Gulf cities. Its architecture is outstanding and practical. Somehow it all fits together — the 16 identical eleven-story banking buildings lining Al-Boorj Avenue, the great "trashed" design of the Central Market, the new Al-Majarrah Souk, the Khor Fakkan Souk, Al-Rolla Square and Jazira Park with their trees and shrubs. Everywhere in Sharjah there are flowers and fountains.

Throughout the 18th and 19th centuries Sharjah was noted for its Arabic traditions and teachings. Today those traditions have been carried on with the founding of the Islamic Cultural Center and through the emirate's close links with Saudi Arabia. There is also a marine academy and the ruler, Dr. Sheikh Sultan Bin Mohamed al-Qasbi, is a man of letters. He has been to Cairo University and received a doctorate degree from Exeter University in Britain.

Because of their seafaring and trading traditions, Sharjah people tend to be more cosmopolitan in their outlook and have a greater thirst for knowledge, as reflected in their high attendance at the international book fair recently held at the Expo Center.

Sharjah is actively promoting its many advantages as a tourist destination for the discerning visitor. Local tour operators, like Orient Tours, organize excursions to main areas of interest throughout the country, including Khor Fakkan's beaches and the spectacular mountain desert scenery of the interior.

The drive to the east coast and Sharjah's twin city of Khor Fakkan is spectacular, as the new road sweeps across the desert, past the green hinterland, up through mountain passes and back down again to the Indian Ocean. The mountains are bare and rugged, but here and there in the spring and winter a mountain stream dashes sparkling

over the rocks, perhaps beside an ancient Beau Geste-type fort hidden in a mountain pass.

Some of the best beaches are to be found against a dramatic backdrop at Khor Fakkan. There is a medieval fortress and city built of mud blocks that is now deserted, although the local authorities are making efforts to preserve it. It is probably the only remaining Arabic town of its kind in the UAE.

Most trips can be completed easily in one day. Longer trips involve overnight safaris into the desert that usually include meeting the bedouin (most are camel racing breeders in the north), a barbecue under the stars, and a visit to a mountain oasis. For a taste of the "Arabian Experience," Sharjah has a lot to offer. As yet it is entirely unspoiled by conventional tourist commercialism and is likely to remain so, since it is not after mass tourism.

L.V.

Cricket Gains in Popularity

ABDULRAHMAN Bukhatir, one of Sharjah's leading businessmen, will be written into cricket history as the



Abdulrahman Bukhatir, chairman of Bukhatir Investments and avid supporter of cricket.

man who introduced world class international cricket to the desert lands of the Gulf and built the region's first grass cricket pitch. "Where else can you see

world class cricket teams from England, India, Pakistan, Australia and the West Indies playing on a neutral ground — only here in Sharjah," says a justifiably proud Mr. Bukhatir. "It has helped create a new identity for cricket not only in this part of the world but elsewhere." Around 20,000 spectators fill the ground all day and every day when there is a match. All work practically stops — in neighboring Dubai, too. Cricket takes over.

Abdulrahman Bukhatir has been supporting cricket in Sharjah for more than 11 years. The local league bears his name and he is either a spectator at Friday league games or playing for his side, Bukhatir Investments.

Mr. Bukhatir, among the most influential business-



Cricket has fans in Sharjah: a match between the West Indies and Pakistan.

men in Sharjah, enjoys the support of the ruling Qasbi family, whose members often attend the matches. Bukhatir Investments is the holding company of a business empire covering banking, construction, commodities, trade and hotels. Mr. Bukhatir learned to

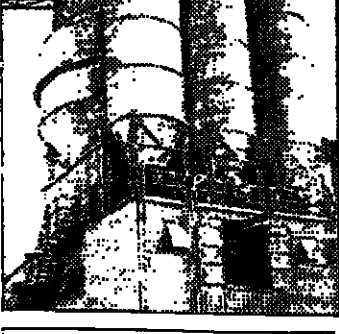
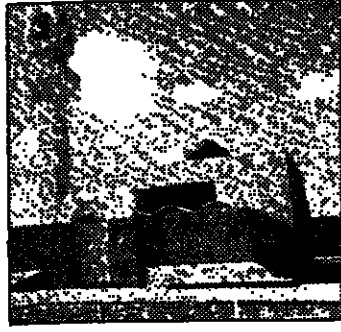
play cricket while he was a student in Karachi, Pakistan, and spent hours watching the great Pakistani batsman Hanif Mohammad. His Bukhatir league now boasts 40 teams and cricket is second only to football in popularity among Sharjah sports fans.

POISED FOR THE FUTURE

Bukhatir Investments Limited (BIL) is one of the largest business houses in UAE. Riding the crest of the sweeping sociological and economical changes of the mid-70s, BIL has made an impact in almost every business activity in the Emirates through its subsidiaries and associated companies: Industry, Banking, Corporate Investment, Real Estate and Property, Contracting, Electronics, Travel

and Shipping, the Hotel Industry and Insurance... The success of the organization, and its tremendous growth is attributed to concerted efforts, imaginative planning, and the determination to finish first in the race to stay competitive. Qualities that will serve as a springboard for the leap into the future.

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FAX: (00971) 6-372254

INTERNATIONAL

Japanese Stock Effects of Futu

By KAORU

TOKYO — The Tokyo... (text continues)

On Dec... (text continues)

Two stock index futures... (text continues)

September... (text continues)

Futures market investors... (text continues)

who must settle positions by... (text continues)

December contracts could try... (text continues)

to manipulate the cash market... (text continues)

on Wednesday in a last at... (text continues)

tempt to cut their losses or... (text continues)

boost their gains, traders said... (text continues)

Their manipulations would... (text continues)

involve buying stocks to push... (text continues)

the indexes higher if they have... (text continues)

market, or selling issues if they... (text continues)

"It's a tug-of-war between the... (text continues)

in my view, the odds are a little... (text continues)

favor of Goldman Sachs... (text continues)

Those who have made gains in... (text continues)

their futures contracts, either by... (text continues)

just selling the automatic cash... (text continues)

Futures positions that are... (text continues)

position must be settled by the... (text continues)

10th of every third month... (text continues)

Positions that are not offset... (text continues)

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Most investors who expect... (text continues)

already cut their losses. This is... (text continues)

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THE NUMBER of open p... (text continues)

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Futures speculators trying to... (text continues)

opened to focus on stocks with... (text continues)

ing index, traders said... (text continues)

Financial markets account for... (text continues)

TOPIX and a handful of high-p... (text continues)

an influence on the Nikkei 225... (text continues)

A futures trader at Nomura... (text continues)

stocks regularly targeted by... (text continues)

Industries Co. and Matsuzakaya... (text continues)

25 index... (text continues)

However, traders said there... (text continues)

the case and futures markets... (text continues)

be volume in the December contr... (text continues)

most trading has been in March... (text continues)

In theory, December futures... (text continues)

good with the underlying inde... (text continues)

per futures on Friday closed at... (text continues)

25,522.25 and TOPIX futures... (text continues)

2,582.25... (text continues)

"But December contracts will... (text continues)

day," said Kazumichi Maruyama... (text continues)

Tokyo Securities. "It's a new... (text continues)

unknown," he added... (text continues)

Current

Cross Rates

Country	Rate	Country	Rate
Australia	1.42	DM	1.78
Canada	1.25	HK\$	16.2
France	1.25	INR	12.2
Germany	1.25	JPY	122.2
Italy	1.25	S\$	1.25
Japan	1.25	Y\$	1.25
UK	1.25		

Other Dollar Values

Country	Per \$	Country	Per \$
Canada	1.25	DM	1.78
France	1.25	HK\$	16.2
Germany	1.25	INR	12.2
Italy	1.25	JPY	122.2
Japan	1.25	S\$	1.25
UK	1.25	Y\$	1.25

Forward Rates

Country	30-day	60-day	90-day
Canada	1.25	1.25	1.25
France	1.25	1.25	1.25
Germany	1.25	1.25	1.25
Italy	1.25	1.25	1.25
Japan	1.25	1.25	1.25
UK	1.25	1.25	1.25

Key Money Rates

Country	Rate
Canada	1.25
France	1.25
Germany	1.25
Italy	1.25
Japan	1.25
UK	1.25

مركز الامم المتحدة

DKB GROUP

DAI-ICHI KANGYO BANK (LUXEMBOURG) S.A.
Universal banking in Luxembourg.
9, Boulevard F.D. Roosevelt, Luxembourg

TUESDAY, DECEMBER 6, 1988

INTERNATIONAL STOCK MARKETS

Japanese Stocks to Feel Effects of Futures Trading

By KAORU AKIYAMA

TOKYO — The Tokyo and Osaka stock exchanges are likely to feel the effects of futures speculation for the first time on Wednesday, the first expiration date since stock index contracts trading started in Japan, traders said.

"On Dec. 7, the Nikkei average could be affected by some 150 points by expiry-related speculators," said Louis Tseng, vice president of international trading at Goldman Sachs International Corp. in Tokyo. The average ended at 29,614.68 on Monday.

Two stock index futures markets, based on the Tokyo Stock Price Index and the Nikkei 225 index, were opened in Japan in September.

Futures market investors, who must settle positions by the last trading day for the December contracts, could try to manipulate the cash market on Wednesday in a last attempt to cut their losses or boost their gains, traders said.

Their manipulations would involve buying stocks to push the indexes higher if they have taken long positions in the futures market, or selling issues if they have been short.

"It's a tug of war between the two powers on the last day. But, in my view, the odds are a little more for the short side," said Mr. Tseng of Goldman Sachs.

Those who have made gains in the current bull market will settle their futures contracts, either by taking an offsetting position or by just waiting for automatic cash delivery, traders said.

Futures positions that are settled by taking an offsetting position must be settled by the last trading day, which is usually the 10th of every third month.

Positions that are not offset must be settled through final cash delivery based on the actual calculation of the underlying index from the closing price on the last trading day.

Most investors who expect to lose money are said to have already cut those losses. This is evident from the current rapid fall in open positions for December contracts, traders said.

THE NUMBER of open positions, on which initial buys or sells to be settled are counted, was at 5,308 for Nikkei and 6,117 for the Tokyo Stock Price Index, or TOPIX, at Friday's close. This is down from earlier peaks of about 15,000 on both indexes.

Futures speculators trying to manipulate the cash markets are expected to focus on stocks with major influences on the underlying index, traders said.

Financial stocks account for one-third of the total weighting of TOPIX and a handful of high-priced stocks, such as Sony Corp., can influence the Nikkei 225 index.

A futures trader at Nomura Securities said active trading in stocks regularly targeted by manipulators, such as Katakura Industries Co. and Matsuzakaya Co., can easily move the Nikkei 225 index.

However, traders said there would be little speculative action on the cash and futures markets before Dec. 7 because of decreasing volume in the December contracts. Since the end of November most trading has been in March 1989 contracts, they said.

In theory, December futures spot contract prices should correspond with the underlying index on Dec. 7. Nikkei spot December futures on Friday closed at 29,630, while the cash index was 29,532.25, and TOPIX futures ended at 2,287, compared with 2,283.22.

"But December contracts will move without theory on the last day," said Kazumori Maruyama, manager of futures trading at Tokyo Securities. "It's a new experience, what will happen is still unknown," he added.

Recession Predicted For 1990

Economists See U.S. Slowing in '89

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. economic growth will slow considerably in 1989 and tumble into a recession by 1990, according to a survey released Monday by the National Association of Business Economists.

Separately, the Labor Department issued a report that underscored the fact that the six-year economic expansion is continuing, for now. The report said that worker productivity rose a revised 1.9 percent in the third quarter of 1988, compared with a 2.4 percent drop in the previous three-month period. The rate for the third quarter of this year previously had been reported as 1.3 percent.

Nonfarm business output rose 3.4 percent in the third quarter and the hours worked increased 1.5 percent in the period, from July to September, according to the department's Bureau of Labor Statistics.

Hourly compensation also rose. It was up 5.6 percent in the third quarter before adjustment for inflation and 0.8 percent after inflation was factored in, the bureau said.

In the business economists' survey, the average forecast of 66 people polled last month called for inflation-adjusted gross national product growth of 2.5 percent in 1989.

Although that is slightly higher than the 2.3 percent projected by the group in September, it is still well below the 3.8 percent growth that the economists are expecting this year.

Forty percent of the respondents said they expected the next recession to begin in 1989. A further 48 percent forecast a recession for 1990.

Consumer prices are likely to rise 5.0 percent in 1989 after a projected 4.1 percent increase this year, according to the survey.

The merchandise trade deficit should narrow to \$120 billion in 1989 from \$135 billion in 1988, but the federal budget deficit is likely to fall only \$5 billion, to \$150 billion, the survey said.

A separate survey of nearly 200 members of the group overwhelmingly showed that reducing the budget deficit should be the top priority of President-elect George Bush.

Most economists backed a combination of higher taxes and lower spending to achieve this. They gave only mixed support to Mr. Bush's proposal of a flexible freeze on spending, under which total spending would increase no faster than the rate of inflation but some programs would grow more rapidly than others.

The Labor Department report noted that unit labor costs in the nonfarm business sector rose 3.7 percent overall during the quarter but dropped 0.5 percent for manufacturing.

The manufacturing drop was led by a 1.9 percent decline in costs for the manufacture of quickly consumed goods such as food and clothing.

Unit labor costs for manufacturers of more expensive, long-lasting goods such as cars and appliances were up 0.4 percent, the bureau said.

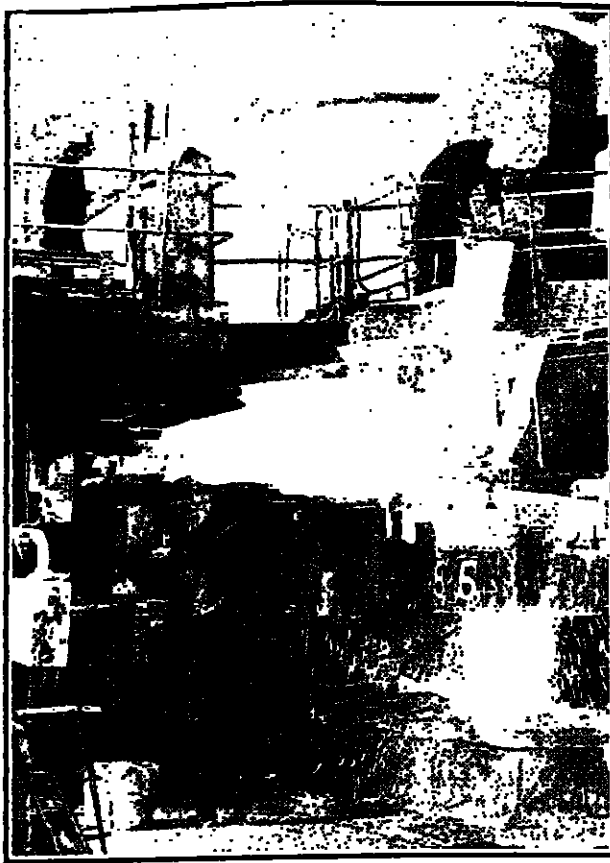
Labor productivity rose 5.2 percent in manufacturing. That was led by a 6.7 percent increase for manufacturers of nondurable goods and a 4.3 percent rise for makers of durable goods.

(Reuters, UPI)

A Golden Future for British Steel Under Thatcherism, 'Absolute Loser' Became a Winner



Sir Ian MacGregor, the Scottish-born American who, after his government appointment as the chairman of British Steel in 1980, began an assault on labor costs by slashing jobs and closing unprofitable factories. The Ravenscraig plant in Scotland was one of five that survived.



By Steve Lohr, New York Times Service

LONDON — The newly privatized British Steel PLC, whose shares began trading Monday, is probably the most striking example of the Thatcher government's transformation of British industry during the 1980s.

In 1980, the state-owned company was the epitome of all that was wrong with British industry: too many employees, recalcitrant unions, demoralized management, inefficiency, losses. In fiscal 1980, it lost a stunning \$3.3 billion, underlining its dubious distinction of being one of the highest-cost steel producers in the world.

Now, British Steel is among the world's lowest-cost producers. In the fiscal year that ended April 2, it reported a profit of \$758.5 million on sales of \$7.6 billion.

British Steel's resurgence is one of the more remarkable corporate turnarounds in recent years. "In the late 1970s, British Steel was an absolute loser," said Marcel Genet, a steel industry specialist who is a consultant for McKinsey & Co. in Paris. "Today, it is one of the most efficient steel producers in Europe."

The company, which set aside 452 million shares for the British public, received applications for more than 1 billion. To make up part of the difference, it reduced the shares allotted to British institutions and foreign investors.

Heavy trading in the new shares — 109 million changed hands in the first 30 minutes Monday — boosted their price on the London Stock Exchange

to 62.25 pence (\$1.16), up 2.25 pence from the partly paid offering price. The shares ended the day at that price.

British Steel's transformation is a many-sided story, with several forces working to bring about the change, including a strong worldwide market for steel.

It began with the government's decision to force the company to become internationally competitive or perish. Sir Ian MacGregor, a bluff, Scottish-born American, was appointed chairman of British Steel in 1980. He saw the need to reduce the number of factories, many of which were maintained for political reasons, and drastically cut the number of jobs.

Sir Ian pressed the case for lower labor content in blunt fashion. "You've got to be able to fire a shotgun down the shop floor and not hit anyone," he once said.

The assault on labor costs has been maintained, even though Sir Ian moved on to head British Coal in 1983. Since 1980, British Steel has reduced the number of its workers in Britain from 166,400 to 51,600, while the number of man-hours required to produce a ton of steel has declined from 13.2 to 5. It has shut two of its major integrated steelworks, leaving it with five.

To be sure, the steel industry worldwide has shed enormous numbers of workers during the 1980s, notably in the United States and Japan. Yet, by almost any standard, British Steel moved swiftly

See STEEL, Page 16

German Trade At Record Level During October

Reuters

WIESBADEN, West Germany — West Germany had record monthly exports and imports in October and appears likely to record its second straight record annual trade surplus, official figures released on Monday showed.

The Federal Statistics Office said West Germany exported \$3.18 billion Deutsche marks (\$30.91 billion) worth of goods and took in 42.62 billion DM worth of imports.

This gave West Germany an October trade surplus of 10.6 billion DM and a surplus on the current account, a broader measure of trade flows, of 7.9 billion DM.

Ulrich Hombrecht, domestic economist at Westdeutsche Landesbank Girozentrale, said West Germany's trade surplus could reach 125 billion DM this year.

The current account surplus could reach 85 billion DM, Mr. Hombrecht said.

Economists said the October figures were in line with expectations. In 1987, West Germany recorded a record trade surplus of 117.5 billion DM and a current account surplus of 79.4 billion DM.

In a statement accompanying the trade figures the statistics office noted West German exports and imports in October were at record levels.

It said October exports this year were 9 percent higher than the 48.78 billion DM recorded in October 1987. Imports last month were 10 percent higher than the 38.67 billion DM posted last year, the statement added.

West Germany has been criticized by the United States, France and other nations because of its large trade surpluses. It has been accused of doing too little to stoke demand for imports and thereby help world expansion at a time when the United States is trying to narrow its budget deficit.

And economists generally do not expect West Germany's trade surplus to decline significantly next year because they say exports will continue to grow at the same rate as imports.

In September, the EWFA economic research institute in Hamburg forecast that both West German exports and imports would rise by 3 percent to 4 percent next year.

Booming British Sales Rose by 2% in October

Reuters

LONDON — Britain was still riding on the crest of a consumer boom in October, official figures released on Monday showed, with retail sales rising 2 percent during the month.

The gain surprised many economists. It had been expected that the final figure would be revised down from the preliminary 1.9 percent published three weeks ago.

At the same time, new credit advanced to consumers was \$3.45 billion (\$6.45 billion) in October, only slightly below the September level of \$3.57 billion.

The retail sales news caused an immediate fall in stock prices. On the London stock exchange, the Financial Times 100-share index fell 3.4 points Monday to 1,761.6 after touching a low of 1,748.8 after the figures were announced.

The government has sought to rein in the consumer spending boom by raising interest rates. Bank base rates have been increased to 13 percent from 7.5 percent in early June.

But economists said they believed that high interest rates would have little effect on credit card users and that such spending would continue.

Nigel Lawson, chancellor of the Exchequer, has been criticized for his handling of the economy, but he has made it clear that he will use interest rates as his major weapon in the fight against inflation, currently running at an annual rate of 6.4 percent.

Booyant consumer demand in Britain has sucked in imports of foreign goods, creating a current account deficit that is expected to reach a massive £13 billion this year.

Currency Rates

Table with columns for Currency, Dec 5, and Dec 6. Lists rates for various currencies like US Dollar, British Pound, etc.

Source: Reuters, Bank of Tokyo, Commerciant, Credit Lyonnais.

Other Dollar Values

Table with columns for Currency, Per \$, and Dec 5. Lists values for various currencies relative to the dollar.

Source: Reuters, Bank of Tokyo, Commerciant, Credit Lyonnais.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, and Dec 5. Lists forward rates for various currencies.

Source: Reuters, Bank of Tokyo, Commerciant, Credit Lyonnais.

Interest Rates

Resecurrency Deposits

Table with columns for Currency, 1-month, 3-month, 6-month, and Dec 5. Lists interest rates for various currencies.

Source: Reuters, Bank of Tokyo, Commerciant, Credit Lyonnais.

Key Money Rates

Table with columns for Country, Rate, and Dec 5. Lists key money rates for various countries.

Source: Reuters, Bank of Tokyo, Commerciant, Credit Lyonnais.

U.S. Money Market Funds

Table with columns for Fund Name, Yield, and Dec 5. Lists yields for various U.S. money market funds.

Source: Merrill Lynch, Telephoto.

Gold

Table with columns for Location, Price, and Dec 5. Lists gold prices in various locations.

Source: Reuters.

4 U.S. Companies 'Unbundle' Stock

Compiled by Our Staff From Dispatches

NEW YORK — Four major U.S. companies said Monday that they intended to buy back a total of \$5 billion of stock by exchanging common shares for new securities called unbundled stock units.

In filings with the Securities and Exchange Commission, American Express Co., Dow Chemical Co., Pfizer Inc. and Sara Lee Corp. said they would make offerings of unbundled stock units, each consisting of a 30-year deep-discount bond, a share of preferred stock and a certificate for the right to buy a share of common stock.

The stock units, developed by Shearson Lehman Hutton Inc., are a new gimmick in corporate financing, designed to give companies a cost-effective way of buying back shares by spreading out debt over 30 years.

Details of the offerings indicated the bonds would pay interest equal to the current dividends on the common stock, while the yields on the preferred shares would account for any future increases in the common dividends.

By exchanging the stock units for common shares, the companies intend to lower their costs of capital by minimizing interest costs, increasing earnings per share and maintaining high credit ratings.

The securities are expected to trade separately on the New York Stock Exchange, as well as in different combinations or as one unit, following their issuance.

It was less clear what advantages the new stock units would offer to investors, some analysts said.

"For companies, it takes the dividend payment and makes it an interest cost so part of it is tax deductible," said Ron Morrow, an analyst with Smith Barney, Harris Upham & Co. "But for an investor, I don't see anything advantageous about it yet."

Ronald Gallatin, a Shearson managing director who developed the new product, said, "By separating common shares into their fundamental components, the stock units give investors the opportunity to evaluate companies' long-term cash-flow streams from a new perspective."

American Express, which owns a majority of Shearson, said it would swap up to 60 million shares, or 14 percent of its common stock, for the stock units.

Dow Chemical said it would exchange up to 12 million shares, or 6 percent of its common stock.

Pfizer said it would exchange up to 33 million shares, or 20 percent of its common stock. Sara Lee said it would exchange up to 22 million shares, or 20 percent of its common stock.

Dow Chemical's stock rose \$2.30 to close at \$86.125 on the New York exchange. Sara Lee's stock closed at \$45.375, up 87.5 cents, while Pfizer's closed at \$58, up \$1.875, and American Express's closed at \$27.50, up 62.5 cents.

Traders said the appeal of the plan was that if the broken-up components of shares traded at premiums to stock not repurchased, those shares would tend to catch up to the total of the components.

Sara Lee said its earnings would have been higher in its last financial year had it adopted such a plan at the start.

U.S. Probe Links Broker To Actors in Stock Fraud

New York Times Service

NEW YORK — U.S. court documents have indicated a link between Blinder, Robinson & Co., a big penny stockbroker, and leading figures in a \$500 million international securities fraud.

The documents, unsealed by a U.S. magistrate in Denver on Thursday, concern a joint investigation by the Internal Revenue Service and the Securities and Exchange Commission.

The agencies are investigating what authorities say was an international operation involving the market manipulation of shell companies and the undeclared transfer abroad of the proceeds.

Authorities have said that Arnold Kimmes, a former Denver stockbroker who has previous convictions for violating securities laws, was a leading figure in the formation of the shell companies.

Mr. Kimmes and his partner, Michael D. Wright of Salt Lake City, Utah, are said to be the main targets of the investigation.

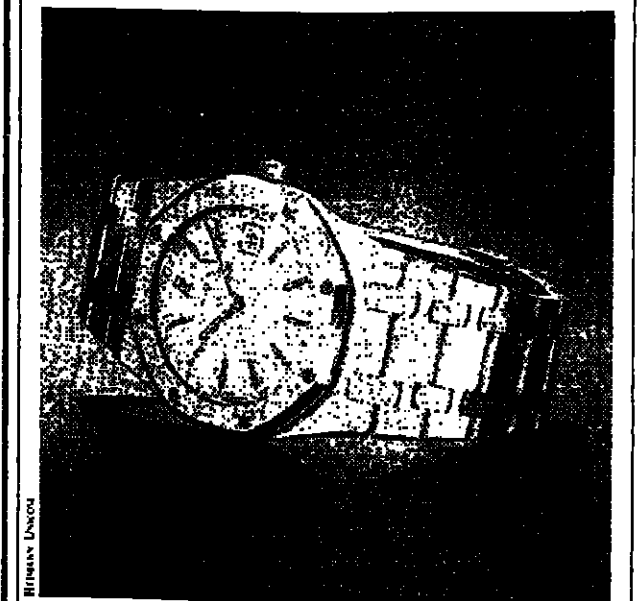
The authorities said the mastermind behind the fraud was Thomas F. Quinn, 51, a disbarred New York lawyer, who is being held in a Paris prison. IRS agents have testified that Mr. Quinn introduced Mr.

Kimmes to Meyer Blinder, one of the founders of Blinder, Robinson.

Blinder, Robinson, along with other brokers, made markets in the shell companies. The brokers and Blinder have denied wrongdoing.

French and Swiss investigators believe they have made a breakthrough in the search for \$500 million taken from investors in the past six years by the fraud scheme. Two Americans said to be Quinn associates have been arrested, the European authorities said.

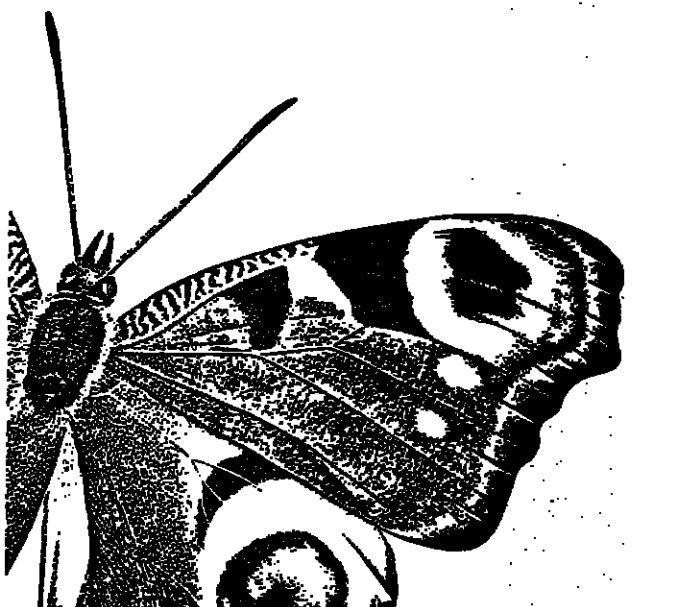
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Advertisement for Volvic water. Text: Initié! Précisez VOLVIC. 'Ceux dont je guide l'exigence sont une eau raffinée, sont vite acquis à cette eau magnifique...' Includes image of a bottle.

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NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE 4 a.m. volume, NYSE adv. cons. close, etc.

NYSE Index table with columns for Composite, Industrials, Utilities, Finance.

Monday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns for Date, Prev., Adv. Declined, Unchanged, New Highs, New Lows.

NASDAQ Index table with columns for Composite, Industrials, Finance, Insurance, Utilities, Trusts.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Date, Buy, Sell, %Chg.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, %Chg.

Dow Jones Averages table with columns for Index, Trans, Utl, Comp.

Standard & Poor's Index table with columns for Industrials, Utilities, Finance, Insurance, SP 500.

NASDAQ Diary table with columns for Date, Prev., Adv. Declined, Unchanged, Total Issues.

AMEX Stock Index table with columns for High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stocks Post Sharp Gain

NEW YORK—Prices were sharply higher in moderate trading on the New York Stock Exchange on Monday as the unveiling of a new type of corporate restructuring plan helped the market rebound from its decline late last week. The Dow Jones industrial average, which fell 9.60 points Friday, jumped 31.48 to close at 2,123.76. Advances led declines by a 6-5 margin, as Big Board volume rose to 144.66 million shares from 124.62 million traded on Friday. Broad-market indexes also advanced. The New York Stock Exchange index rose 1.46 to 154.48. Standard & Poor's 500 index rose 3.12 to close at 274.93. The price of an average share gained 30 cents. Larry Wachel, a market analyst at Prudential-Bache Securities Inc., said the market got a boost by the announcement of a new type of restructuring plan by four major companies, which stepped up trading among those companies as well as others that seemed likely to follow suit. The plan comes amid a record takeover boom that is forcing even the largest companies to be concerned that their stock price currently does not reflect the full value of their businesses. In filings with the Securities and Exchange Commission, American Express Co., Dow Chemical Co., Pfizer Inc. and Sara Lee Corp. said they would make offerings of unbundled stock units, each consisting of a 30-year deep-

discount bond, a share of preferred stock and a certificate for the right to buy a share of common stock. The stock units, developed by Shearson Lehman Hutton Inc., are a new wrinkle in corporate financing designed to give companies a cost-effective way of buying back shares by spreading out debt over 30 years. By exchanging stock units for common shares, the companies intend to lower their costs of capital by minimizing interest costs, increasing earnings per share and maintaining high credit ratings. Among the companies planning to exchange unbundled units of securities for a portion of their common stock, American Express was up 1/2 to 27%, Dow Chemical was up 2 to 86%, Sara Lee was up 1/2 to 43% and Pfizer was up 1 1/2 to 52. Other factors fueling the market, Mr. Wachel said, were the closing of the \$106-share Kraft deal by Philip Morris, which will free billions of dollars for reinvestment in stocks, and the lack of steps taken by the Federal Reserve Board to raise its discount rate in the wake of Friday's stronger-than-expected November employment report. Occidental Petroleum was the most active issue, unchanged at 26. The stock goes ex-dividend on Tuesday. British Steel PLC followed, up 1/2 from its offering price to 11 1/2. The British government has launched its sale of the company, part of its ongoing privatization program.

Large table of stock prices with columns for 12-Month High, Low, Stock, Div., Yld., PE, St., 100 High, Low, Close, Chg., Vol.

Large table of stock prices with columns for 12-Month High, Low, Stock, Div., Yld., PE, St., 100 High, Low, Close, Chg., Vol.

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Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock market data including NYSE, AMEX, and OTC prices for various stocks.

U.S. Futures

Via The Associated Press

Table of U.S. Futures prices for various commodities like wheat, corn, and soybeans.

Table of Livestock prices for cattle, hogs, and sheep.

Table of Currency Options prices for various international currencies.

Table of London Metals prices for gold, silver, and platinum.

Table of Paris Commodities prices for sugar, coffee, and cotton.

Table of Dividends for various companies.

Table of Spot Commodities prices for various raw materials.

Table of S&P 100 Index Options prices.

Municipal Bonds (CBT)

Table of Municipal Bonds prices for various cities and states.

Table of Eurodollars prices for various banks and maturities.

Table of British Pound prices for various maturities.

Table of Canadian Dollar prices for various maturities.

Table of French Franc prices for various maturities.

Table of German Mark prices for various maturities.

Table of Japanese Yen prices for various maturities.

Table of Swiss Franc prices for various maturities.

Table of Copper (COMEX) prices for various grades.

Table of Aluminum (COMEX) prices for various grades.

Table of Lumber (CBOT) prices for various grades.

Table of Heating Oil (NYMEX) prices for various grades.

Table of Crude Oil (NYMEX) prices for various grades.

Table of Platinum (NYMEX) prices for various grades.

Table of Gold (COMEX) prices for various grades.

Table of U.S. Treasury Bonds prices for various maturities.

Table of U.S. Treasury Notes prices for various maturities.

Table of U.S. Treasury Bills prices for various maturities.

Table of U.S. Treasury Inflation Protected Securities prices.

Table of U.S. Treasury Floating Rate Notes prices.

Table of U.S. Treasury Zero-Coupon Bonds prices.

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Table of U.S. Treasury Zero-Coupon Bonds prices.

Ames to Close 77 Stores After Christmas Season

ROCKY HILL, Connecticut — Ames Department Stores Inc. said Monday that, after Christmas, it would close 74 Zayre discount department stores and three Ames stores in 14 states, primarily in the Southeast.

Italian Brokers' Chief, Fumagalli, Steps Down

MILAN — The chairman of the Executive Committee of Italian stockbrokers, Ettore Fumagalli, announced Monday that he would give up his position at the end of his third term, after six years in office.

Jury Orders Lico To Pay \$22 Million

NEW YORK — Long Island Lighting Co. and its former president, Wilfred O. Uhl, were ordered Monday by a federal court jury to pay at least \$22.8 million in damages for lying to the New York State Public Service Commission in order to fund construction on the Shoreham nuclear power plant 55 miles (90 kilometers) east of Manhattan.

London Metals

Table of London Metals prices for gold, silver, and platinum.

Paris Commodities

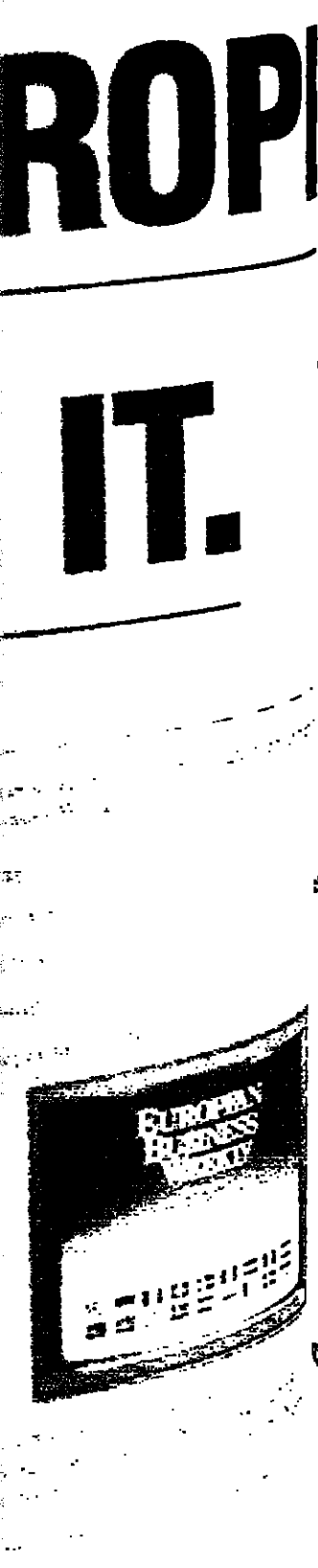
Table of Paris Commodities prices for sugar, coffee, and cotton.

Dividends

Table of Dividends for various companies.

Framatome SA Buying Burndy

NORWALK, Connecticut — Burndy Corp., a maker of electronic and electrical connectors, said Monday that it had agreed to be acquired by Framatome SA, the French nuclear power plant builder, for about \$2.5 billion.



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CURRENCY MARKETS

Pound Remains Firm in New York

NEW YORK — The British pound remained firm in New York, holding gains made earlier in Europe despite intervention by the Bank of England.

The British unit firmed to \$1.8685 from \$1.8660 at the close of trading Friday. In London, the pound jumped to \$1.8705 from \$1.8568 last week.

The dollar, meanwhile edged higher Monday in extremely quiet trading and analysts suggested the currency should continue to drift near current levels.

Dealers said the pound continues to be underpinned by the latest rise to 13 percent, in British base rates.

They said the Bank of England sold small amounts of sterling in Europe to curb its rise against the dollar.

Despite this, the pound ended in Europe its highest level against the U.S. currency since May 24.

The pound also closed at its highest level against the mark since mid-August. In Europe, the British currency ended at 3.2244 Deutsche marks, up from 3.2127 on Friday.

London Dollar Rates

Table with columns: Currencies, Mon., Fri. Includes Sterling, Japanese yen, Swiss franc, French franc.

The pound was capable of going as high as 3.30 DM, but Mr. Mathers of Wespac said the currency would meet a lot of resistance as it neared 3.2421 marks.

In New York trading, the dollar rose to 121.56 yen, up from Friday's 121.37. Against the West German mark in New York, the dollar ended at 1.7259 marks, up from 1.7220 on Friday.

The dollar also closed at 5.8960 French francs, up from 5.8860 on Friday, and at 1.4450 Swiss francs, up from 1.4428 at the close of trading last week.

Earlier in Europe, the dollar closed mixed. It ended at 121.50 yen, up from 121.30 on Friday. It finished at 1.7245 DM, down from 1.7303 on Friday.

Among other currencies, the dollar closed at 5.8900 French francs, down from 5.9045 on Friday, and at 1.4447 Swiss francs, down from 1.4495 at the close of trading last week.

Traders said there are no significant economic indicators scheduled for release this week and that should keep the dollar in a narrow trading range.

Record Level Of OPEC Output Seen

Compiled by Our Staff From Dispatches

NICOSIA — OPEC's daily oil production hit a monthly record of almost 23 million barrels in November as the members of the cartel were debating how to cut output, the weekly Middle East Economic Survey said Monday.

The publication's report that the 13-member group pumped 22.98 million barrels a day came a week after the cartel agreed to curtail production to 18.5 million barrels starting in January. OPEC is trying to raise prices to \$18 a barrel.

In trading on Monday, oil prices were lower in light trading. In London, North Sea Brent ended about 10 cents a barrel lower at \$14.75 and West Texas Intermediate was down 5 cents at \$15.60.

In London, Oil Minister Isam Abd ar-Rahim ash-Shalabi of Iraq expressed doubt that prices would reach \$18 a barrel by March.

He said at an oil conference: "I don't think anybody expects that an \$18 price will be reached when we meet in March, but we would be happy to be as near \$18 as possible, and we would be happy if we had that in June."

According to the Middle East Economic Survey's preliminary estimates, Saudi Arabia led the OPEC producers with daily output of 6.5 million barrels last month. Its new daily output quota is about 4.5 million barrels, compared with the previous 4.3 million.

Iran produced 2.6 million barrels a day in November and Iraq pumped 2.7 million, the newsletter said. Iraq returned to OPEC's quota system last week after a two-year absence. It rejoined the system after Iran yielded to its demand for quota parity. Under the new limits, the two former Gulf war foes are allowed to produce 2.64 million barrels a day.

Kuwait produced 2 million barrels a day in November, a figure confirmed by the country's oil minister, Sheikh Ali al-Khalifa al-Sabah, the newsletter said. Its quota was 996,000 barrels, which will increase to 1,037 million barrels.

U.S. Team Fails to Bring Liberia Fiscal Reform

By James Brooke

New York Times Service

MONROVIA, Liberia — Armed with a contract and brimming with self-confidence, a team of 17 American financial experts arrived here last year with a mission that at first seemed deceptively simple: Clean up the finances of this small West African nation to prevent further waste, mismanagement and fraud.

One year later, the Americans—all of whom are veterans of Third World service—seem ready to throw in the towel and are pleading to go home.

Last month their team leader left for Europe, with no plans to return. The situation is touchy.

The U.S. ambassador, James Bishop, declined to be interviewed on the subject. When Liberia's finance minister, David M. Farhat, was asked by a reporter if he would like to give an interview, he would prefer to give the reporter "a punch in the mouth."

From 1980 to 1985, the United States gave this country of two million people a total of \$500 million in aid and loans, making Liberia the largest per-capita recipient of U.S. aid in sub-Saharan Africa.

But citing mismanagement and misappropriation, the U.S. Congress has steadily slashed aid levels to Liberia, to \$31 million this year.

With arrears of \$671 million in interest and capital on foreign debt of \$1.7 billion, loans have also stopped coming from Africa's lenders of last resort—the World Bank, the International Monetary Fund and the African Development Bank.

In such situations, former European colonial powers have often quietly intervened to try to straighten out a former colony's finances—France for the Ivory Coast, Spain for Equatorial Guinea.

Last year, the United States assumed this role in English-speaking Liberia, which had its beginnings as a virtual American colony in Africa when it was settled by freed American slaves in the early 19th century.

Today the United States is Liberia's largest investor, largest trading partner and the primary destination for Liberians seeking overseas work and education.

The U.S. government has a unique concentration of assets in Liberia: 24-hour access for military airplanes to the international airport, a Voice of America radio transmitter for Africa and a communications station to relay diplomatic cables between Washington and Africa.

Building on these close ties, the Reagan administration decided in early 1987 to try to take on the direct supervision of Liberia's finances for two years.

In tough negotiations with the nation's president, Samuel K. Doe, Washington won a contract granting 17 "operational experts" sweeping powers, including co-signing authority on all government checks, leases, loan documents, purchase orders and travel authorizations.

But halfway into the \$18.4 million project—the cost of training about 100 Liberian civil servants plus the costs of the United States experts—it appears that the Americans are no match for Liberia's bureaucrats and politicians or for Mr. Doe.

"The government of Liberia has shown no commitment to either reforming its extra-budgetary expenditures or abiding by a sound budget process," a confidential report by the accountants stated last month.

"The net balance shown at the end of September is zero, which means that the government of Liberia has virtually no cash."

As evidence, the report pointed out that extra-budgetary expenses had ballooned since July, to 30 percent of the budget from 20 percent.

The analysis, which was made available by a Liberian dissident, predicted an even bleaker future.

This "lack of concrete progress has called into question the rationale for continuing the project," the report concludes, with diplomatic understatement.

Taiwan Stock Prices Fall Sharply Again

TAIPEI — Taiwan share prices dove Monday after a record plunge on Saturday, and there were further indications that powerful speculators were pulling their money out of the stock market, brokers said.

"There are signs that the big players are getting out of the market," said John Nelson, an analyst with Jardine Fleming Taiwan Ltd.

Few brokers said they believed the big speculators have left the market for good. Rather, some said, they expected these investors to drive prices down and to buy again before the end of the year.

Brokers said they believed the big investors are selling now after recovering a good part of their losses from a crash in September. That collapse was provoked by a Finance Ministry announcement that stock trading profits would be taxed starting on Jan. 1.

The tax created the mixture of fear and uncertainty in a market on which speculators thrive, and brokers said thousands of small investors were looking to a few wealthy individuals for guidance on how far prices will be allowed to slide.

The weighted index had been falling for a week before a sell-off on Saturday drove it down by 300.9 points, the market's biggest drop.

The index fell an additional 139.71 points to end at 6,310.62 on Monday. The indicator had reached a record 8,789.78 on Sept. 24.

"The market has dropped so precipitously over the past couple of days that I'm actually turning bullish," said Daniel Chiang, an analyst at International Investment Trust.

Other brokers were more cautious. "The market will decline for the rest of the year, although there could be a small rally towards the end," said Mr. Nelson of Jardine Fleming. He said speculators might briefly bring the market back to life.

Many investors are gloomy about prospects for next year, when profits on sales of shares in excess of 10 million Taiwan dollars (about \$355,000) per person per year are to be taxed.

Large investors, faced with the prospect of surrendering up to one half of their share profits to the tax collector, are likely to bail out. They may also fear revealing their true wealth after years of dodging taxes.

Some brokers wondered whether the speculators would be able to overcome widespread pessimism. "They have to consider whether there will be any followers when they try to push prices up," said Jennifer Han, an executive at Yuan Tai Securities Co.

GATT: Trade Talks Soured by U.S.-EC Dispute on Agricultural Subsidies

(Continued from page 1)

stand, there was a basis for negotiations to continue.

"It would be indefensible and incomprehensible for the Montreal talks to end in a climate that would cloud or even block the rest of the negotiations," Mr. De Clercq said.

Clayton K. Yentzer, the U.S. trade representative, told other delegates that "if trade ministers lack the political will to move forward with issues that two years ago we agreed were critical to the continuing health of the world trading system, then one must question whether the Uruguay Round is destined to fulfill its bright promise."

U.S. officials continued to insist that no agreement on agricultural subsidies would be better than one that damaged U.S. interests.

The deputy U.S. trade representative, Alan F. Holmer, said, "It may well be that not to paper over our differences in 1988 is the best way to move the talks forward to a meaningful result in 1990," the tar-

get date for the end of the Uruguay Round of negotiations.

Agreement to disagree in Montreal would not be "the end of the negotiations," said Arthur Dunkel, director general of the General Agreement on Tariffs and Trade.

"We would consider it a success if certain areas of disagreement were identified in such a way that we know how to negotiate to get results," Mr. Dunkel said.

The sticking point in the farm dispute is Washington's insistence on a commitment to abolish "trade-distorting" agricultural subsidies before beginning a discussion of shorter term measures to deal with farm trade problems.

The European Community says that an immediate start can be made by freezing support for such products as cereals, sugar, dairy produce and seed oil without necessarily agreeing on the final step.

While ready to discuss what officials have called a "significant reduction" in subsidies over the long term, the European Community



Prime Minister Brian Mulroney of Canada, left, who warned the Montreal meeting that the world's economy stood at a crossroads, talking with Enrique Iglesias, Uruguay's minister of finance.

says it can never agree to completely free trade in farm products, which would mean the end of its common agricultural policy.

The package deal on tropical products calls for tariff cuts and the removal of import quotas by the industrial countries, as well as, for the first time, by a number of devel-

oping countries like Brazil, Colombia and Malaysia.

The agreement was regarded by officials from the industrial countries as crucial to ensuring that many developing countries continued to support efforts to open markets in such other areas as trade in services and intellectual property.

Monday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC stock prices with columns for 12 Month High, Low, Stock, Div, Yld, PE, 52 Wk High, Low, 4 P.M. Oct 88.

Table of OTC stock prices with columns for 12 Month High, Low, Stock, Div, Yld, PE, 52 Wk High, Low, 4 P.M. Oct 88.

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50 YEARS AGO. 1938: Chopper Spine. The man who... (Historical article snippet)

Kaufman & Broad Plans Spin-Off of Building Unit

LOS ANGELES — Kaufman & Broad Inc. said Monday it planned a restructuring that would include the spin-off of Kaufman & Broad Home Corp., its 91.6 percent-owned subsidiary. The parent would change its name to Broad Inc. and become a financial services company. Kaufman & Broad Home Corp. would continue to operate as the largest home builder in California and the third-largest in France.

Drexel Outlines Plans

NEW YORK — Drexel Burnham Lambert Inc. said that negotiations with federal prosecutors have reached a "crucial stage" and the firm may either face racketeering indictments or plead guilty to lesser charges soon. Frederick Joseph Drexel chief executive, outlined the status of Drexel's crisis in a memorandum to staff last week. Copies were leaked to the Wall Street Journal and New York Times, and sources confirmed the contents of the memo on Monday.

SPORTS

A Masters Final That Fits

By Peter Alfano
NEW YORK — They are meeting in the final again, although under somewhat different circumstances.
When Ivan Lendl played Boris Becker for the two Nabisco Masters titles in 1986, he was the undisputed No. 1 player in the world, thought of as an interim champion...

Open, both were facing adversity and apparently, an early end to the year.
Lendl, who lost his No. 1 ranking to Mats Wilander in the Open final, underwent shoulder surgery shortly after. The Masters is his first official tournament since the operation.
On Sunday Lendl showed he was capable of winning a fourth Masters in succession, defeating Stefan Edberg of Sweden, 6-3, 7-6, in the semifinals. Becker advanced with an exciting 7-6, 7-6 victory over Jakob Hlasek of Switzerland.
Although Wilander will finish the year No. 1, Lendl's play at the Garden has shown that it might be too early to herald a changing of the guard. He was vulnerable in the early round-robin matches, losing to Hlasek, struggling to regain his timing and shot-making ability.
Lendl has won the Masters five times, including twice in 1986 when the tournament was played in January and in December. He has been in the final all nine times he has played.

This, however, might be his biggest accomplishment, especially after losing to Hlasek and being a break point from defeat against Andre Agassi Friday night, when a loss would have eliminated him.
"Deep inside, you know you'll come back," Lendl said of his recovery from surgery to repair cartilage and ligament damage, "but every athlete still worries about it."
Becker had doubts, too, after limping off the court at the U.S. Open with badly bruised feet, facing six weeks of rest and perhaps even the prospect of surgery. But he has recovered sufficiently to be playing the most consistent tennis of his career.
From the outset, Becker appeared to be the logical Masters favorite. He has won six tournaments this year and had been the most active of the big name players in recent weeks. At 21, he said he has a better perspective and is no longer susceptible to emotional extremes.
He did not win a Grand Slam event this year but said he was pleased with his performance anyway.
"I play well, sometimes I don't, sometimes I win, sometimes I lose, what can I tell you?" Becker said. "This is the third time for me in the final and let's hope I can make it close."
His ability to return Hlasek's hard serve and force errors was the difference in both tiebreakers Sunday. Hlasek was riding the crest of the hottest streak in his career, a journeyman who has suddenly broken into the top 10 this fall, the house painter turned artist.
But his climb was ended as much by his own relative inexperience in big matches as Becker's spirited play.
"I won the crucial points," Becker said, "because I have played more often under these conditions. It was a high pressure match and everything was in my hands. He is a good opponent, but he had nothing to lose. I was expected to win."
In the second set, Hlasek broke Becker in the fourth game and was in position to force a deciding set. But his serve betrayed him in the seventh game, Becker pouncing on Hlasek's weaker second serve.



IT'S NOT WHAT YOU THINK — Referee Jerry Markbreit is merely trying to protect quarterback Vinny Testaverde of Tampa Bay from a possible late, crumpling hit by Darryl Talley of Buffalo.

Steelers' Passing Nips Oilers; Vikings Demolish Saints, 45-3

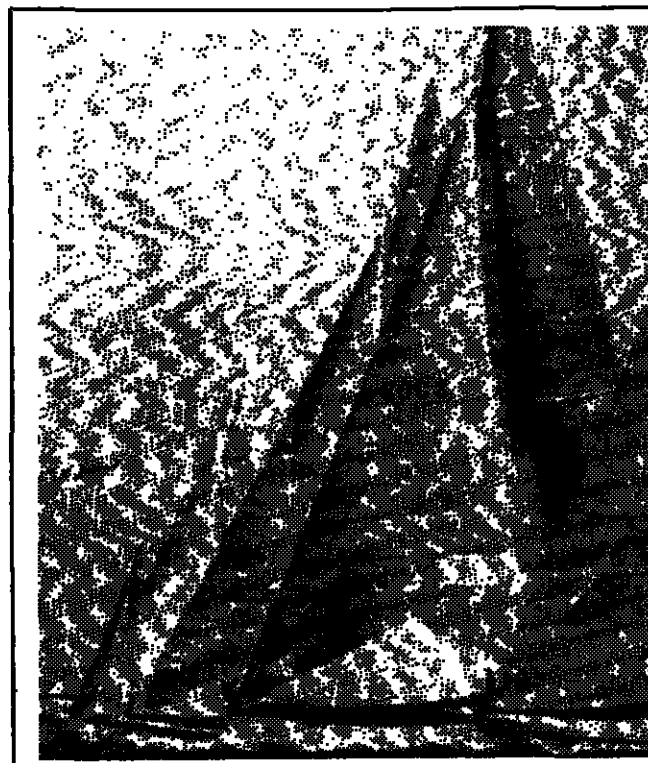
United Press International
HOUSTON — Bobby Brister's third touchdown pass of the game, a 16-yarder to Merrill Hoge with 20 seconds left, lifted the Pittsburgh Steelers to a 37-34 comeback victory over the Houston Oilers in a

Lippis, Dwight Stone returned a kickoff 92 yards for a score. Gary Anderson kicked a 45-yard field goal and Hoge scored on a 2-yard run for the Steelers.
The Oilers got a 90-yard kickoff return for a score from rookie Lorenzo White and a 6-yard scoring pass from Moon to Mike Rozier.
Vikings 45, Saints 3: At Minneapolis, Wade Wilson threw three touchdown passes, two to Hassan Jones, and the Vikings defense did not allow a touchdown for the fourth straight game. Minnesota is all but assured a wild-card berth.
Chiefs 38, Jets 34: At Kansas City, Missouri, James Saxon blasted in from one yard with two seconds left, capping a 14-point comeback in the final 5:22. The Jets fell out of the playoff race.
Raiders 24, Broncos 20: At Los Angeles, Greg Townsend returned an interception 85 yards for one score, and Jay Schroeder threw for another touchdown to help create a three-way tie for first place in the AFC West. The Raiders, Broncos and Seattle are all 7-7.
Play-Offs Shape Up
The Cincinnati Bengals have qualified for the play-offs, joining

the Buffalo Bills and Chicago Bears, The Associated Press reported.
The Bengals can win the AFC Central Division crown by beating Houston next week. But they have at least a wild-card berth after a 27-10 victory over San Diego. And Houston's loss gave Cincinnati a two-game edge in the division.
That victory tied the Bengals with the Bills for the best record in the AFC. If both finish tied for the top spot in the conference, Cincinnati would have the home-field advantage in the playoffs because it beat Buffalo last week.
Several other teams moved closer to division titles and/or wild-card berths with two weeks left in the NFL season.
The New York Giants, winners over Phoenix, took over first place in the NFC East when the Eagles were edged by Washington.
The Giants could win the division by sweeping their final two games, against Kansas City and the Jets.
If the 49ers win their final two games—including next Sunday at home against the Saints—the West division is theirs.



Despite contortions, Becker is playing highly consistent tennis.



NO NINA, NO PINTA, NO SANTA MARIA — Ships of eight European nations have set sail on a 4,500-mile race to retrace the route of Christopher Columbus. The vessels were expected to reach the finish in the Dominican Republic around Christmas.

NFL ROUNDUP
National Football League game Sunday night.
"This isn't the 'House of Pain,'" said Brister, who completed 17 of 36 passes for 311 yards. "It's the 'House of Pleasure.' They did a lot of mouthing off, and I think their talking got us a little inspired. We took it personally."
Pittsburgh, whose coach, Chuck Noll, accused the Oilers last year of playing dirty, needed only 1:10 to move 80 yards in eight plays for the winning score.
Brister completed 4 of 6 passes on the drive, the last inside the Oilers 10 to Hoge, who scored his second touchdown of the game.
Pittsburgh won its second straight and snapped Houston's 10-game winning streak at home.
Brister also threw touchdown passes of 80 and 65 yards to Louis

Buffalo Bills and Chicago Bears, The Associated Press reported.
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Nykanen Jumps; Nykanen Runs; Nykanen's Gone

The Associated Press
THUNDER BAY, Ontario — Matti Nykanen made a mysterious departure from the 120-meter ski jump at a meet here.
The reigning World Cup champion and a triple gold medalist at the Calgary Olympics, Nykanen quit after his first jump Sunday when he placed 17th.
He immediately departed with a police escort for the airport. Neither Rob McCormack, chairman of the Canadian Ski Association's jump committee, nor his teammate, Risto Laakonen, who won the competition, could shed any light on the matter. A photographer found Nykanen at the airport, but an interpreter interceded, saying, "No more jumps. No more jumps."
McCormack and Laakonen refused to discuss the issue and there was no indication from the Finnish delegation that Nykanen would return to North America for the World Cup stop next weekend in Lake Placid, New York.

VANTAGE POINT/Ira Berkow
Memories of 'Colored Only' And Mayotte's Quiet Protest

New York Times Service
NEW YORK — Tim Mayotte, who is 6 feet 3 inches tall (1.91 meters), with dark eyebrows and dark eyes closely knit, and gentle-spoken, was saying recently that he wasn't Tins Turner and he wasn't Michael Jackson and he wasn't John McEnroe, all of which should come as a surprise to very few.
And so when he took a personal stand last year at what he believes is a loathsome injustice — and refused to play tennis in South Africa because of the official policy of apartheid — it was done quietly.
But he spoke not only from his heart but also from the recesses of his wallet. He relinquished a chance to earn as much as a quarter of a million dollars.
"If one of them doesn't go," said Mayotte, referring to Turner, Jackson and McEnroe, "it's an important statement. They're superstars, and everybody's watching them. I'm just another guy. And maybe the only person who cares that I didn't go was me. But I went once, in 1983, and felt pretty bad about it afterward. I decided I'd never go again, no matter what. It may only be a small way, but it's the only way I know that I can go."

The point is academic. Indisputable was that Mayotte sat in the stands, an alternate in the Masters, his narrow helmet of hair more abundant than McEnroe's thinning pate, but not nearly as plentiful as Tins Turner's fright wig, or Michael Jackson's curled locks.
Mayotte watched Brad Gilbert reach the semifinals, where he lost to Ivan Lendl.
Gilbert had chosen to play in South Africa, won the tournament, and by dint of the accrued Grand Prix points thus pushed ahead of Mayotte to complete the prestigious eight-man Masters field.
Gilbert's first-place prize money for the tournament in South Africa last year was \$46,000; his Grand Prix bonus points for winning it meant an additional \$15,000, and his take for his semifinal finish in the Masters was \$50,000, a total of \$110,000.
"When I came back from South Africa in 1983," said Mayotte, "I had talks with friends. Most were angry that I had gone there."
It was his friends' feeling that in some way Mayotte had condoned the apartheid government.
When Gilbert was asked last year about having played in South Africa, he said, "I'm a tennis player, and not a politician. I don't think sport and politics should be mixed. I went to Johannesburg because I needed points to qualify for the Masters."
Mayotte says he has talked with Gilbert and Pat Cash and others who have competed in South Africa. He says their views are their own, that he bears them no resentment but he believes that it is ludicrous to say that tennis and politics are completely separate.
"The reason South Africa wants to hold sports events is to try to be a part of the international political community," said Mayotte.

blacks simply have no control over their future. All you have to do is put yourself in their shoes to feel the disgust and rage that they must feel.
Last December, not many took much notice that Mayotte, ranked 9th in the world last year and currently 10th, just missed making the Masters tournament in New York.
He missed, perhaps, because he didn't play in Johannesburg and thus failed to earn the requisite Grand Prix points. If he had won matches there it would have placed him in the Masters.
"Bad there's no guarantee I would have won in Johannesburg," he said.

They were paying a total of \$10,000, which was big money for me then," said Mayotte.
The townships are hidden from the mainstream. But you see little reminders of the entrenched racial separation, like the signs on washrooms that read, "Colored Only," "White Only." And everyone knows

SIDELINES

Ueberroth's View
ATLANTA (AP) — Commissioner Peter Ueberroth, in his final "State of the Game" address, said Monday that baseball still has not hired enough blacks as managers and general managers.
He praised baseball for cleaning up its drug problem since the Pittsburgh cocaine scandal of 1985. But because only one black — Baltimore Orioles manager Frank Robinson — has been among the 39 general managers and managers hired since 1986, Ueberroth said, "We have room to still be critical and, in some areas, very critical."

Russian Courted

LONDON (AFP) — Sergei Balachin, a Dynamo Kiev defender, could become the first Soviet to play in English League soccer.
He was the main target of Ipswich team officials, John Duncan and David Shephard, when they flew to the Soviet Union Monday to sign a top player.

NBC-Cable Deal

NEW YORK (AP) — NBC has worked out an agreement with Cablevision to share costs and TV time for the 1992 Barcelona Summer Olympics, for the first time bringing part of the Games to cable TV, a report in Multichannel News says.
NBC plans to lay off as much as \$75 million of the \$401 million total payment for the '92 Games. At least some of that cost will be assumed by Cablevision, which will show part of the Games on its SportsChannel affiliates.

SCOREBOARD

Table with columns for BASKETBALL and FOOTBALL. Includes NBA Standings (Eastern and Western Conferences) and NFL Standings (American and National Conferences). Lists teams, wins, losses, and percentages.

HOCKEY

Table with columns for NHL Standings (Wales Conference and Patrick Division) and Campbell Conference. Lists teams, wins, losses, and percentages.

Final College Rankings

Table showing final college rankings for various sports including Football, Basketball, and Hockey. Lists schools and their respective rankings.

Transition

Table listing various sports events and transitions, including baseball, basketball, and football games between different teams.

Olympics May Consider Dropping Weight Lifting in Anti-Drug Move

By Michael Janofsky
NEW YORK Times Service
VIENNA — The next Olympic Games quadrennium does not begin before the last is reviewed so the International Olympic Committee came to the cheer and charm of Vienna this week for meetings that could mean another hard look at the most critical issue facing the Olympic movement, drug-taking by athletes.
As recently as this week, more damning news focused attention on the problem: the president of the Polish Weightlifting Association, Janusz Przepielski, revealed that in a survey of 25 Polish weight lifters, 123 had admitted using strength drugs such as anabolic steroids in training.
In the last few weeks, several measures to fight the use of drugs in training have gained substance and momentum, including a pre-

liminary agreement signed in Moscow by Olympic officials from the United States and the Soviet Union to allow their athletes to be tested for drug use by officials from the other country.
In the IOC executive board session, Wednesday and Thursday, another action could take form, one aimed directly at weight lifting.
Richard Pound of Canada, an IOC vice president, is expected to propose that a commission be created to examine drug use in the sport and recommend sanctions against the International Weightlifting Federation if the use continues.
In Seoul, five of the 10 athletes disqualified for using banned drugs were weight lifters. Two of them were gold medal winners from Bulgaria; a third had won a silver medal for Hungary.

As the Seoul Games neared the end, Pound suggested that an "Olympic holiday" — dropping the sport at least through the Barcelona Games — might persuade the weight lifting federation to address the problems of drug use. Officials of the federation expressed shock that a senior IOC executive would propose such a harsh measure.
Ten days after the closing ceremony in South Korea, Pound received a message from Tamás Ajmá, the weightlifting federation's general secretary in Budapest, who stressed that the organization had worked hard to combat the use of performance-enhancing drugs and was willing to do more.
Pound responded, saying that unless the IOC considered suspension of the sport, the federation "has no realistic possibility of ever solving the drug problem, which is endemic in weight lifting."

For the Record

Heavy rain canceled the men's World Cup downhill skiing Monday at Val d'Isère, France. The race was not rescheduled. (AP)
Florence Griffith Joyner, the U.S. sprinter who set two world records and won three Olympic gold medals and one silver medal in Seoul, has won the Jesse Owens Memorial Award as the outstanding U.S. track and field athlete for 1988. (AP)
Indiana goalkeeper Matt Olson felt the pressure when he was called on to replace starter Juergen Sommer in the U.S. major-league soccer championship Sunday. Olson came in when Sommer broke his nose with 27:15 to play as Indiana beat Howard University 1-0. (AP)

College Top-20 Rankings

Table showing college top-20 rankings for various sports including Football, Basketball, and Hockey. Lists schools and their respective rankings.

College Bowl Schedule

Table showing college bowl schedules for various sports including Football, Basketball, and Hockey. Lists schools and their respective schedules.

Final College Standings

Table showing final college standings for various sports including Football, Basketball, and Hockey. Lists schools and their respective standings.

Baseball

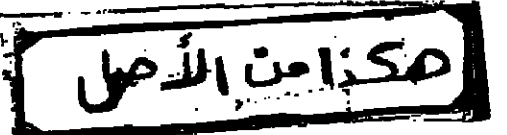
Table showing baseball statistics and news items, including player performances and team standings.

Basketball

Table showing basketball statistics and news items, including player performances and team standings.

Football

Table showing football statistics and news items, including player performances and team standings.



PEOPLE

Ailey, Burns Among 5 Given Kennedy Awards

The worlds of entertainment and politics merged Sunday night as five persons were saluted at the annual awards program of the Kennedy Center in Washington...

The late Sir Frederick Ashton, the founder-choreographer of Britain's Royal Ballet, remembered dancers and friends in his \$1.2 million (\$2.2 million) will...

Lorin Maazel Sunday conducted the Royal Philharmonic Orchestra, the Philharmonia and the London Symphony Orchestra through all nine Beethoven symphonies...

A cache of unmounted gems, jewelry and watches found in the hollow bottom of a filing cabinet in the late Amy Winchell's townhouse...

The Paris-based lawyer Samuel Pissar, 60, who escaped from a Nazi concentration camp at 16, has received the 1988 Elie Wiesel Holocaust Remembrance Award.

ART BUCHWALD

The Christmas Buy-Out

WASHINGTON — Scrooge & Marley, the Wall Street investment bankers, have just announced that they plan to make a serious attempt to take over the Christmas Holiday for \$100 billion...



Buchwald

Scrooge said that he had been secretly buying up Christmas stock for more than a year because he felt it was grossly undervalued...

"His parts are worth far more than the whole. What we intend to do is spin off the unprofitable enterprises such as the egg-nog division...

"How about Christmas mail-order catalogues?" "We're going to keep them, but we may dump the Christmas tree business because it has such a low profit potential...

"But without trees you won't have a market for Christmas decorations," a reporter pointed out. "That's probably true, but we were planning to get rid of the decoration business anyway be-

cause we needed the cash to buy Del Monte Catnip from Nabisco." "Where are you going to get the money to pay for Christmas?" someone else asked...

"Sir, why did you decide on an unfriendly takeover rather than a friendly one?" "Because the Scrooge & Marley company never gets involved in friendly bids. When we made noises about our plans, the present Christmas Board of Directors told us to butt out...

"Do you believe the present Christmas stockholders will go for your bid?" "Of course, Christmas has been a losing proposition for most people and Scrooge & Marley are offering them a way to bail out."

"Suppose present management says that Christmas is not for sale?" "My answer to them is, 'Humbly, somebody is going to acquire the holiday sooner or later, and better Scrooge & Marley than the people who bombed Pearl Harbor.'"

La Scala Strike Called Off

MILAN — Ballet dancers and chorus singers have called off a strike that jeopardized the opening this week of the new season at Milan's La Scala opera house...

Fact and Fiction in 'Mississippi Burning'

By Wayne King

It was a hot Sunday afternoon in June of 1964 when three young civil-rights workers, Michael Schwerner, Andrew Goodman and James Chaney, were arrested on a trumped-up speeding charge outside Philadelphia, Mississippi...

They were held for eight hours, then released. By prearrangement, they were again stopped on a lonely road by the same Neshoba County deputy sheriff who had arrested them earlier...

More than 150 FBI agents descended on Neshoba County to investigate the disappearance of the civil-rights workers, two of them, Goodman and Schwerner, whites from New York, and the third, Chaney, a black who lived in Neshoba County.

It was 44 days before the investigators penetrated the racist veil of silence that enveloped the case, and found the bodies. Goodman, horribly, had a ball of the clay in which he was buried squeezed in his hand, indicating that he had not been dead when the bulldozer sealed him into the grave.

Another three years passed before some of those responsible, Neshoba County Deputy Sheriff Cecil Price and six others, including the Klan Imperial Wizard, Sam Bowers, were convicted of civil-rights violations and given prison terms of up to 10 years. None served more than five.

There is no federal murder statute covering such crimes, and no state charges against the men were brought in Mississippi, despite evidence at the federal trial.

Those are the facts — the "true facts" — as put out in these days of relative reality — on which the British director Alan Parker's film, "Mississippi Burning," is based. It stars Gene Hackman as the sheriff-turned-FBI-agent, whose violent tactics ultimately break the case when orthodox methods fail, and Willem Dafoe as the by-the-book Justice Department official who grudgingly acquiesces to Hackman's tactics.

The facts are shocking in the sensibilities and the emotions, and their depiction by Parker, known for "Angel Heart" and "Midnight Express," leaves little to the imagination. But he does not shrink from inventing dramatic embellishments.

"I'm trying to reach an entire generation who knows nothing of that historical event," Parker said in a telephone interview, "to cause them to react to it vicarially, emotionally, because of the racism that's around them now. And that's enough of a reason, a justification, for the fictionalizing."

The film's opening credits are overlaid on a burning church, the scene moving to the back road where the murder of the three men is re-created with graphic realism. The names of the victims are never mentioned, and other names and details are changed, but the killing is close to the reality that is revealed in court records and FBI documents.

To those familiar with that place and time, the brutal intimidation of the black people of Neshoba County, also historic reality although compressed in time, is evocative. When Dafoe, as a dedicated but inept investigator, makes a public point of sitting in the back section of a restaurant

and talking to a young black man, the black is later beaten by Klansmen. Whether the event happened is moot; such beatings occurred. Churches and homes are torched in the film, and that is the way it happened. From June of 1964 to January of '65, KKK night riders burned 31 black churches across Mississippi, according to FBI records. So, Parker does not exaggerate.

But onto the basic framework of fact, the screenwriter Chris Gerolamo and Parker graft considerable artistic fabrication, chiefly concerning the FBI's investigation, and say it is essentially a "work of fiction."

"The power of 'Mississippi Burning' derives from the audience's knowledge that the essential horror on screen happened. Even the title of the movie is the FBI code name for the investigation. Many details are drawn from life."

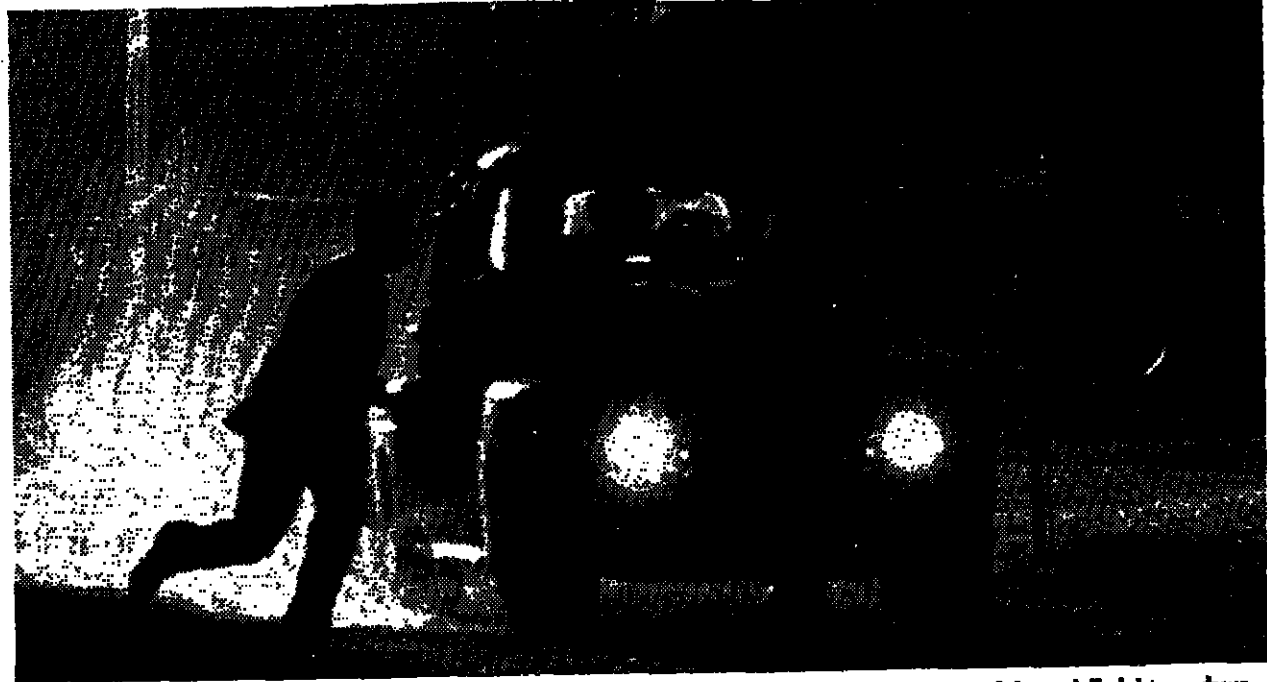
"You didn't leave me nothing but a nigger," says James Chaney's killer in the film. "But at least I killed one nigger." But at least a dialogue comes directly from FBI files, the confession of one of the participants.

There are any number of reasons for turning fact into fiction for the purposes of making a movie, not the least of them the legal difficulties involved in portraying numerous lives, many unsympathetic. But in this case, fiction enables Parker to have his factual cake, so to speak, while spooning it out richly lathered with fictional icing.

Although the filming was spread over several locations, Parker evokes the texture, the gritty, fly-specked Southernness, the brooding sense of small-town menace, the racial hatred, with considerable accuracy. Even much of the violence is perhaps defensible because it is central to the reality. But there also seems to be violence for the sake of it, and Hackman's portrayal of an FBI man begging Clint Eastwood.

Parker and Gerolamo defend the fiction on the ground that there were numerous suggestions of FBI excesses, but more importantly on the ground that it makes the story more emotionally affecting.

That was the way it was in Mississippi in those days, and painful as it is to relive it, "Mississippi Burning" serves to remind Americans with extraordinary force just how bad it was.



A scene from the film by Alan Parker, who says it is "essentially a work of fiction" about the murder of three civil-rights workers.

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